

Mercy Housing, Inc.

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

December 31, 2014 and 2013

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, 2014 and 2013, 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, 2014 and 2013, 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 248 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 23, 2015, 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 23, 2015

Mercy Housing, Inc.

**Consolidated Statements of Financial Position
December 31, 2014 and 2013**

	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$ 26,726,910	\$ 29,897,884
Cash, tenant security deposits	6,720,386	6,362,140
Cash, restricted	51,140,344	63,266,285
Investments	450,000	1,157,486
Investments, restricted	7,273	635,652
Accounts receivable, net	6,089,294	9,143,000
Pledges receivable, net	828,604	377,448
Grants receivable	2,353,433	2,144,468
Current portion of notes and interest receivable	13,048,552	7,258,931
Prepaid expenses and other assets	5,529,443	9,262,256
Inventory	1,490,643	3,333,796
Assets held for sale	539,593	683,981
	<u>114,924,475</u>	<u>133,523,327</u>
Total current assets		
	<u>1,817,693,760</u>	<u>1,746,249,870</u>
Property and equipment, net		
Other long-term assets		
Restricted property reserves	119,631,077	131,476,629
Long-term investments	6,350,000	5,600,000
Long-term investments, restricted	2,250,000	3,440,000
Pledges receivable, net	1,542,662	400,507
Investments in limited partnerships, net	1,033,388	835,830
Notes and interest receivable, net	29,996,839	23,555,774
Other assets, net	37,515,181	32,699,008
	<u>198,319,147</u>	<u>198,007,748</u>
Total other long-term assets		
	<u>\$ 2,130,937,382</u>	<u>\$ 2,077,780,945</u>
Total assets		

Mercy Housing, Inc.

**Consolidated Statements of Financial Position
December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 48,516,503	\$ 55,482,496
Accrued interest	3,107,051	3,016,313
Current portion of notes payable	92,386,795	106,724,228
Deferred revenue and other liabilities	33,561,119	41,411,128
Tenant security deposits	<u>6,824,920</u>	<u>6,293,816</u>
Total current liabilities	<u>184,396,388</u>	<u>212,927,981</u>
Long-term liabilities		
Accrued interest	83,539,830	80,244,888
Notes payable, less current portion, net	1,079,618,115	1,029,278,457
Deferred revenue and other liabilities	<u>38,944,323</u>	<u>41,181,845</u>
Total long-term liabilities	<u>1,202,102,268</u>	<u>1,150,705,190</u>
Total liabilities	<u>1,386,498,656</u>	<u>1,363,633,171</u>
Commitments	-	-
Net assets		
Unrestricted net assets, controlling	40,250,750	47,454,051
Unrestricted net assets, noncontrolling	<u>487,395,322</u>	<u>450,611,887</u>
Total unrestricted net assets	527,646,072	498,065,938
Temporarily restricted net assets	213,390,654	212,679,836
Permanently restricted net assets	<u>3,402,000</u>	<u>3,402,000</u>
Total net assets	<u>744,438,726</u>	<u>714,147,774</u>
Total liabilities and net assets	<u>\$ 2,130,937,382</u>	<u>\$ 2,077,780,945</u>

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Consolidated Statements of Activities Year Ended December 31, 2014

	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	\$ 152,362,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,362,382	\$ 152,362,382	\$ -	\$ -
Developer fees	-	-	10,773,848	-	-	-	10,773,848	10,773,848	-	-
Services fees	937,045	89,030	-	-	-	53,690	1,079,765	1,079,765	-	-
Philanthropy	294,546	6,991,616	5,637,936	2,143,911	22,000	2,067,124	17,157,133	10,647,858	6,509,275	-
Capital grants	897,203	-	1,024,734	-	-	-	1,921,937	1,034,172	887,765	-
Consulting	15,002	176,644	477,367	-	2,638,836	-	3,307,849	3,307,849	-	-
Interest	406,361	739	174,078	1,447,633	57,672	135,152	2,221,635	2,199,323	22,312	-
Other	9,299,603	46,864	1,587,101	421,613	120,735	216,973	11,692,889	11,692,889	-	-
Release of restricted assets	-	-	-	-	-	-	-	16,065,586	(16,065,586)	-
Total revenues	164,212,142	7,304,893	19,675,064	4,013,157	2,839,243	2,472,939	200,517,438	209,163,672	(8,646,234)	-
Expenses and losses										
Compensation	47,020,910	9,670,327	7,471,766	941,637	1,628,832	10,923,004	77,656,476	77,656,476	-	-
Administrative	11,485,277	1,245,575	1,378,758	79,989	223,787	3,218,982	17,632,368	17,632,368	-	-
Professional services	5,257,955	797,322	790,929	83,012	311,354	748,937	7,989,509	7,989,509	-	-
Depreciation and amortization	82,993,427	-	62,866	-	4,434	19,969	83,080,696	83,080,696	-	-
Grants	7,122	-	129,501	-	20,000	20,600	177,223	177,223	-	-
Facility	58,346,907	8,070	520,929	16,530	180,384	766,190	59,839,010	59,839,010	-	-
Interest and fees	29,029,103	80	307,262	849,529	42,331	817,027	31,045,332	31,045,332	-	-
Bad debts	909,309	34,504	97,946	-	-	250,000	1,291,759	1,291,759	-	-
Provision for impaired assets	100,359	-	14,430	12,643	-	-	127,432	127,432	-	-
Project expenses	-	-	315,578	-	-	-	315,578	315,578	-	-
Allocation	6,033,636	2,673,226	3,173,955	460,032	819,460	(13,160,309)	-	-	-	-
(Gain)/loss on sale of assets	(2,552,893)	-	(322,307)	-	-	-	(2,875,200)	(2,875,200)	-	-
(Gain)/loss on investment in limited partnership	(10,279)	-	(90,871)	-	-	8,476	(92,674)	(92,674)	-	-
Total expenses and losses	238,620,833	14,429,104	13,850,742	2,443,372	3,230,582	3,612,876	276,187,509	276,187,509	-	-
Excess (deficiency) of revenues over expenses										
Consolidated	(74,408,691)	(7,124,211)	5,824,322	1,569,785	(391,339)	(1,139,937)	(75,670,071)	(67,023,837)	(8,646,234)	-
Attributable to non-controlling interest	(61,897,502)	-	88,586	-	-	-	(61,808,916)	(61,808,916)	-	-
Excess (deficiency) of revenues over expenses attributable to Mercy Housing, Inc.	\$ (12,511,189)	\$ (7,124,211)	\$ 5,735,736	\$ 1,569,785	\$ (391,339)	\$ (1,139,937)	\$ (13,861,155)	\$ (5,214,921)	\$ (8,646,234)	\$ -

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	1,050,119	178,331	86,744	-	-	56,279	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	156,701,933	7,597,693	16,218,228	2,398,916	4,947,649	2,850,608	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	(65,401,043)	(4,885,935)	2,906,011	40,581	(83,509)	(871,169)	(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.	\$ (10,862,584)	\$ (4,885,935)	\$ 2,913,795	\$ 40,581	\$ (83,509)	\$ (871,169)	\$ (13,748,821)	\$ 519,347	\$ (14,268,168)	\$ -

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

**Consolidated Statements of Changes In Net Assets
Years Ended December 31, 2014 and 2013**

	Unrestricted Net Assets			Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
	Controlling	Noncontrolling	Total			
Balance, January 1, 2013	\$ 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	47,454,051	450,611,887	498,065,938	212,679,836	3,402,000	714,147,774
Contributions	-	99,638,296	99,638,296	-	-	99,638,296
Distributions	-	(565,390)	(565,390)	-	-	(565,390)
Syndication	-	(811,488)	(811,488)	-	-	(811,488)
Other Transfers	(1,988,380)	330,933	(1,657,447)	9,357,052	-	7,699,605
Excess (deficiency) of revenues over expenses	<u>(5,214,921)</u>	<u>(61,808,916)</u>	<u>(67,023,837)</u>	<u>(8,646,234)</u>	<u>-</u>	<u>(75,670,071)</u>
Balance, December 31, 2014	<u>\$ 40,250,750</u>	<u>\$ 487,395,322</u>	<u>\$ 527,646,072</u>	<u>\$ 213,390,654</u>	<u>\$ 3,402,000</u>	<u>\$ 744,438,726</u>

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating activities		
Changes in net assets	\$ (75,670,071)	\$ (68,295,064)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Forgiveness of debt	(486,517)	(1,181,897)
Gain on sale of assets	(2,875,200)	(1,605,268)
Depreciation and amortization	83,080,696	76,152,452
Provisions for loan losses and impaired assets	127,432	3,365,239
(Gain) loss from investments in partnerships	(92,674)	(292,072)
(Gain) loss on interest rate swap contracts	1,191,343	(2,768,494)
Amortization of prepaid ground lease	44,875	44,876
Net changes in current assets and liabilities that provided (used) cash		
Cash, tenant security deposits	(358,246)	(205,810)
Accounts receivable, net	3,040,059	(3,437,019)
Grants receivable	(208,965)	7,118,055
Pledges receivable	(1,593,311)	387,455
Prepaid expenses and other assets	(1,088,156)	(8,019,097)
Inventory	1,843,153	(113,848)
Assets held for sale	(440,493)	536,134
Accounts payable	2,998,906	(20,829)
Accrued interest payable	6,131,873	6,989,976
Deferred revenue	(10,097,005)	12,109,928
Tenant security deposits liability	555,113	194,620
	<u>6,102,812</u>	<u>20,959,337</u>
Net cash provided by operating activities		
Investing activities		
Net change in restricted cash and reserves	23,971,493	(31,362,169)
Net change in investments	1,775,865	(2,082,236)
Purchases of property and equipment	(177,004,242)	(195,201,183)
Net change in investments in partnerships	(104,884)	(152,469)
Net change in notes receivable	(12,257,759)	4,919,866
	<u>(163,619,527)</u>	<u>(223,878,191)</u>
Net cash used in investing activities		

Mercy Housing, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2014 and 2013

	2014	2013
Financing activities		
Proceeds from notes payable	208,020,463	245,691,118
Principal payments on notes payable	(147,273,628)	(131,583,654)
Financing fees	(4,662,512)	(4,535,982)
Capital contributions from investor partners	99,638,296	92,890,080
Distributions paid to investor limited partners	(565,390)	(602,078)
Syndication costs	(811,488)	(436,477)
Net cash provided by financing activities	154,345,741	201,423,007
Net decrease in cash and cash equivalents	(3,170,974)	(1,495,847)
Cash and cash equivalents at beginning of year	29,897,884	31,393,731
Cash and cash equivalents at end of year	\$ 26,726,910	\$ 29,897,884
Cash paid for interest, net of amounts capitalized of \$2,281,757 and \$3,574,870, respectively	\$ 19,066,293	\$ 17,465,854
Noncash investing and financing activities:		
Net noncash net assets of transferred entities to (from) MHI	\$ 7,368,672	\$ 5,028,221
Transfers of net assets of non-controlling interests	330,933	10,542,816
Property and equipment and other assets transferred to MHI	(7,699,605)	(15,571,037)
(Increase) decrease in property and equipment in accounts payable	10,033,993	(9,781,312)
Increase (decrease) in accounts payable from property and equipment purchases (disposals)	(10,033,993)	9,781,312
Increase in property and equipment from notes payable	(25,449,436)	(1,652,045)
Increase in notes payable from property and equipment	25,449,436	1,652,045
Increase in property and equipment from capitalized amortization	1,248,914	579,084
Capitalized amortization in property and equipment	(1,248,914)	(579,084)
Increase in other assets from prepaid expenses	676,453	-
Decrease in prepaid expenses from other assets	(676,453)	-
Increase in unrestricted net assets	16,065,586	21,171,763
Release of temporarily and permanently restricted net assets	(16,065,586)	(21,171,763)
Total noncash investing and financing activities	\$ -	\$ -

See Notes to Consolidated Financial Statements.

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2014 and 2013

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 its 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, 2014 and 2013 include the accounts of 132 and 127 limited partnerships or limited liability companies, respectively, in which the Company has an

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

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

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

Mercy Housing, Inc.
Mercy Loan Fund (MLF)
Mercy Housing Management Group (MHM)
Mercy Portfolio Services, Inc.
 MPS Community I, LLC
 MPS Stabilization, LLC
Mercy Housing Mountain Plains
 Holly Park Community Center, LLC
 Stapleton II Mercy, LLC
 Bluff Mercy, LLC (Bluff Lake)
 Mercy Housing Colorado GP, LLC
 Mercy Housing Colorado III, LTD. (Springfield Court)
 Mercy Housing Colorado IV, LTD (Wapiti Meadows)
 MHMP GP, LLC
 Mercy Housing Colorado VI, LTD. (Merced de las Animas)
 MHMP CO GP, Inc.
 Mercy Bond Properties Colorado I (Franconia LLC)
Mercy Housing Midwest
 Mercy House
 Mercy Bond Properties Nebraska I (Mercy Timbercreek, LLC)
 Mercy Village Joplin, Inc.
 Mercy Housing Midwest Nebraska, LLC
 Northglen, LP
 Mercy Crestview Village Housing, LP
 Western Manor, LP
 Mercy Housing 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
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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
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 St)
Mercy Housing California Special Needs
Mercy Housing California 57, LP (1500 Page)
Mercy Midtown Inc.
Mercy Housing California Senior Properties
Bennett House, LP
Dorothy Day Community, LP
Junipero Serra, LP
Monsignor Lyne, LP
St. Andrew Community, LP
Villa Columba Mercy Riverside, LP
Mercy Housing Calwest
Mercy Housing California XXXIX, LP (Gleason Park)
Mercy Housing California XL, LP (Arlington Hotel)
Mercy Housing California XXXVIII, LP (East Leland Courts)
Mercy Housing California XLII, LP (Boulevard Court)
Mercy Housing California XLIV, LP (1000 Fourth Street)
Third and LeConte Associates LP (Bayview Hill Gardens)
Caroline Severance LLC

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Mercy Housing California XLIII, LP (Caroline Severance Manor)
7th & H GP, LLC
Mercy Housing California 47, LP (7th & H Street)
Madonna Senior Housing LLC
Mercy Housing California 53, LP (Madonna Residences)
Mercy Housing California 52, LP (School House Station-Vista Grande)
1100 Ocean Avenue Limited Partnership (1100 Ocean Avenue Apts.)
55 Laguna, LP (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)
Mercy Housing California II, LP (Columbia Park)
Coastside Senior Housing Limited Partners, LP
El Monte Veterans Apartments LLC
El Monte Veterans Apartments, LP
1028 Howard Street, LLC
Mercy Housing California 60, LP (Quinn Cottages)
Mercy Housing California XI, LP (Madison Place)
Mercy Eden House LLC
Eden House, L.P.
Crossroad Gardens LLC
Transbay Block 6, LLC
Mercy Housing California 62, LP (Transbay Block 6)
Sunset Valley Duplexes LLC
Mercy Housing California 63, LP (Sunset Valley Duplexes)
345 Arguello, LP
1800 Pine, LP
Mercy Housing California 64, LP (Transbay Block 7)
Mercy Mather Veterans, LLC
Mercy Housing California 61, LP (Mather Veterans Village)
Mercy Properties California
Foster Youth*
The Haven*
Leland House*
Osocales (McIntosh Mobile Homes)*
Richmond Hills*
Sycamore Center (Red Bluff)*
Sierra Vista*
Acacia Meadows*
San Juan Housing Corporation
Kennedy Estates Housing Associates, LP (Kennedy Estates)
Tahoe Valley Townhomes Associates, LP (Tahoe Valley Townhomes)

*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 Northwest-Idaho, Inc.

Eagle Senior Village, Inc.
Mercy Southeast Idaho, Inc. (Hamilton Court)
Mercy Moscow, Inc. (Hawthorne)
Independence Hill, Inc.
Mercy Housing Idaho NSP LLC
Boise Senior 202 Owner, LP (12th Street Senior)
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)

Mercy Housing Lakefront

Lavergne Courts, LLC
Washington Courts, LLC
Whitmore Apartments, LLC
111th & Wentworth Apartment Corporation
111th and Wentworth Limited Partnership (Wentworth Commons)
Belray Apartments Corporation
Belray Limited Partnership (Belray Apartments)
Harold Washington Apartments Corporation
Magnolia Limited Partnership (Carlton Apartments)
Red Door Limited Partnership (Major Jenkins Apartments)
4707 Malden Limited Partnership (Miriam Apartments)
Roseland Apartments Corporation
Roseland Limited Partnership (Holland Apartments)
South Loop Apartments Corporation
South Loop Limited Partnership (South Loop Apartments)
Winthrop Apartments Corporation
5042 Winthrop Apartments Limited Partnership (Delmar Apartments)
Near North Apartments Corporation, NFP
Near North Limited Partnership (Schiff Residences)
Malden Arms Corp. II, NFP
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)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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MHL Holdings, LLC
MHL Keating MM, LLC
The Keating Building Little Village LLC
2000 Illinois Aurora MM, LLC
2000 Illinois Aurora, LLC
St. Catherine Residence, Inc.
SC Residence MM, LLC
SC Residence, LLC (McAuley Apartments)
Roseland Place Inc., NFP
Roseland Place Limited Partnership
Mercy River West Commons Elgin LLC
Mercy Housing South East
Mercy Place Belmont, Inc.
Mercy Housing Pembroke, Inc. (McFadden Place)
Mercy Housing Georgia Holdings, LLC (1826 Florance 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)
 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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)
Antioch II, LLC
Antioch Villas, L.P.
Mercy Housing Georgia XI GP, LLC
Mercy Housing Georgia XI, LP (Etowah Terrace)
MHSE Arbors, LLC
The Arbors at Ellington, Ltd.
MHSE Savannah Gardens Phase III GP, LLC
Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)
MHSE Reynoldstown Senior GP, LLC
MHSE Reynoldstown Senior, LP
MHSE Savannah Gardens Phase IV GP, LLC
Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)
MHSE Savannah Gardens Phase V GP, LLC
Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)
MHSE Renaissance Apartments, LLC
Mercy Housing Northwest
Intercommunity Housing Ferndale
Sterling Senior Housing
Appian Way Manager LLC
Appian Way Mercy, LLC (Appian Way Apartments)
New Tacoma Phase I GP LLC
New Tacoma Phase I Owner, LP (New Tacoma Phase I)
New Tacoma Phase II Mercy LLC (New Tacoma Phase II)
Evergreen Vista 1 GP LLC
Evergreen Vista 1 Owner, LP
Rainer Vista Block 43 GP, LLC
Rainer Vista Block 43 Owner, LP (Columbia City Station Apts.)
Cobble Knoll I Mercy LLC
Allegre Mercy Redevelopment LLLP
Villa Kathleen Redevelopment LLLP
Impact Family Village GP LLC
Impact Family Village Limited Partnership (Emerald City Commons)
Family Tree & Lincoln Way GP, LLC
Family Tree & Lincoln Way LLLP
MHNW 9 Othello East GP, LLC
MHNW 9 Othello East, LP
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, Inc.

**Notes to Consolidated Financial Statements
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Mercy Housing Ohio, Inc.

Mercy Properties Washington III, LLC (Cobble Knoll I)

Mercy Properties Washington II, LLC (Cobble Knoll II)

Padre Apartments Community

Consolidated General Partners

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)

Marlton Affordable Housing Associates (Marlton Manor)

Mercy Housing California V, LP (Mercy Village Folsom)

Park Terrace Apartments, LP

Mercy Housing California X, LP (The Rose Hotel)

San Felipe Homes, LP

2220 10th Avenue Associates, LP (Santana Apts.)

Mercy Housing Iowa II, LP (Sherwood Place Apts.)

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

Mercy Housing 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)

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)

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

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 Apts.)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Mercy Affordable Housing, Inc. (MAHI)

McDermott Place

Bishop's Block, LP

South of Market Mercy Housing

1101 Howard Street Associates, LP (1101 Howard St. Apts.)

Mercy Housing California VI, LP (205 Jones Street Apts.)

1475 167th Avenue Associates, LP (Bermuda Gardens)

Centro Partners, LP (El Centro Residential)

Riverside/Leibrandt Partners, LP (La Playa Residential)

West 28th Street, LP (Montclair/Tolton Court)

16th & Church Street Associates, LP (Padre Palou)

Mercy Housing California III, LP (Plaza Maria Apts.)

Mercy Housing California IX, LP (Sycamore St. Commons)

Visitation Valley Affordable Housing Corporation

Visitation Valley Family Housing Associates (Heritage Homes)

Mercy Housing West

Mercy Housing California XIV, LP (10th & Mission Apartments)

Mercy Housing California XV, LP (Nueva Vista)

Mercy Housing California XVII, LP (Derek Silva Community)

Mercy Housing California XXIV, LP (Carter Terrace Apartments)

Mercy Housing California XVIII, LP (Polk Street Senior Community)

Mercy Housing California XIII, LP (Linbrook Court)

Mercy Housing California XX, LP (Mission Creek Sr.)

Mercy Housing California XVI, LP (Villa Madera)

Mercy Housing California 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)

Mercy Housing California XXII, LP (The Dudley)

Mercy Housing California XXVI, LP (Martin Luther King Village)

Mercy Housing California XLI, LP (Westbrook Plaza)

Mercy Housing California XXXIV, LP (Edith Witt Sr Community)

Mercy Housing California XXVII, LP (Serna Village)

Mercy Housing 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)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Colonia San Martin Associates, LP
Mercy Housing California 50, LP (Vera Haile Senior Housing)
Mercy Housing California 49, LP (McAuley Meadows)
Florin Housing Corporation
Florin Wood Associates, LP (Crossroads Gardens)
Affordable Housing Corp.
Mercy Housing Colorado VII, LP (Holly Park West)
Mercy Housing Washington IV, L.P. (Lincoln Way I)
Mercy Housing Washington III, L.P. (Tahoma View)

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.

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.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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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.

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.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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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 \$100,359 and \$2,600,808 has been recognized for the years ended December 31, 2014 and 2013, 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.

Amortization expense for the years ended December 31, 2014 and 2013 was \$2,341,035 and \$1,910,904 respectively. Estimated amortization expense for each of the ensuing years through December 31, 2019 is as follows:

2015	\$ 2,273,681
2016	1,933,249
2017	1,767,593
2018	1,585,215
2019	1,465,545

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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Investment in limited partnerships

MHI and its subsidiaries are partners in eight 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 .005 percent to 1.0 percent general partner interests, are not consolidated as they are not controlled by the Company:

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

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, 2014 and 2013

Transfers of net assets

During the years ended December 31, 2014 and 2013, two and four entities, respectively were added to the consolidated financial statements. During the years ended December 31, 2014 and 2013, two entities, respectively, were removed from the consolidated financial statements. The net effect of the changes to beginning net assets for the years ended December 31, 2014 and 2013 were increases of \$7,699,605 and \$15,571,037 respectively. The following is a summary of the changes:

	2014		2013
Addition of entities:		Addition of entities:	
Roseland Place Inc., NFP	\$ 10,323,216	Adamsville Green Limited Partnership	\$ 6,845,779
Roseland Place Limited Partnership	14,072,472	SC Residence, LLC	2,023,419
		St. Catherine Residence, Inc.	3,421,259
		SC Residences MM, LLC	832,150
Transfer of entities:		Transfer of entities:	
St. Vincent's Garden	(7,627,086)	365 Fulton, LP	3,305,345
Somerset Senior Housing, LTD (Casitats de Merced)	(3,489)	Mercy Twin Falls, Inc.	(101,815)
Transfer of eliminations	(9,065,477)	Transfer of eliminations	(750,102)
Miscellaneous entities	(31)	Miscellaneous entities	(4,998)
Total	<u>\$ 7,699,605</u>	Total	<u>\$ 15,571,037</u>

Strategic health care partnerships

MHI has eight Strategic Health Care Partners (Strategic Partners) as follows:

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

Mercy Housing, Inc.

Notes to Consolidated Financial Statements December 31, 2014 and 2013

Throughout MHI's history, many of the Strategic Partners have pledged contributions for up to five years in exchange for various contract services performed on their behalf. As of December 31, 2014, the Company had recorded pledges receivable of \$1,775,000 from three Strategic Partners. As of December 31, 2013, the Company had recorded pledges receivable of \$75,000 from one Strategic Partner. As of December 31, 2014, future pledge payments from Strategic Partners are as follows:

For the year ending December 31, 2015	\$ 425,000
2016	400,000
2017	400,000
2018	400,000
2019	150,000
Total	<u>\$ 1,775,000</u>

In addition, two Strategic Partners, Catholic Health Initiatives (CHI) and Dignity Health, provided MHI with a \$5,000,000 non-interest bearing loan and a \$3,000,000, 3 percent interest bearing loan, respectively, to provide working capital to support MHI's mission.

Developer and consulting fees

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

Tenant subsidy payments

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

Income taxes

MHI and its consolidated nonprofit corporations are exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state statutes. MHI did not have any unrelated business income for the years ended December 31, 2014 and 2013. 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, 2014 and 2013, the Company did not identify any uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
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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
MHMP CO GP, Inc.
Mercy Housing Georgia XI GP, LLC
Impact Family Village GP, LLC
MHSE Arbors LLC
MHSE Savannah Gardens IV GP
MHSE Savannah Gardens V GP

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

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 2011 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, 2014 and 2013, 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 Statement of Activities. As of December 31, 2014 and 2013, there was no hedge ineffectiveness. The swaps are reported in Notes Payable at fair value on the Consolidated Statements of Financial Position. See Note 11 for additional information on derivative instruments and hedging activities.

Reclassifications

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

Note 2 - Cash and investments

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

At December 31, 2014 and 2013, cash and investments were as follows:

	2014	2013
Unrestricted Cash - Properties	\$ 25,379,769	\$ 26,741,941
Unrestricted Cash/Investments - MLF	317,942	1,716,772
Unrestricted Cash/Investments - Corporate Operating Entities	7,829,199	8,196,657
 Total Unrestricted and Designated Cash/Investments	 33,526,910	 36,655,370
 Restricted Cash - Tenant Security Deposits	 6,720,386	 6,362,140
Restricted Cash/Investments - Corporate Entities (including MLF)	45,405,942	59,873,404
Restricted Cash - Properties	7,991,675	7,468,533
Restricted Cash - LT Restricted Property Reserves	119,631,077	131,476,629
	<u>\$ 213,275,990</u>	<u>\$ 241,836,076</u>

MHI invests in certificates of deposit which are carried at par value as they are held to maturity. Realized and unrealized gains and losses are recorded in the Consolidated Statements of Activities as unrestricted operating income or loss. Maturity dates range from January 2015 to November 2015. The approximate market value of the investments was \$37,605,320 and \$27,721,347 as of December 31, 2014 and 2013, as follows:

	2014	2013
Certificates of deposit	\$ 37,598,047	\$ 27,710,695
Equities	7,273	10,652
	<u>\$ 37,605,320</u>	<u>\$ 27,721,347</u>

MHI recorded investment income related to all certificate of deposit investments of \$145,058 and \$167,988 as of December 31, 2014 and 2013, 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.

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 were \$247,082 based on actuarial calculations using a discount rate of 2.4 percent. During 2014, \$254,797 was received from the trust and no pledge receivable balance remains as of December 31, 2014.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

As of December 31, 2014, future pledge payments are as follows:

For the year ending December 31, 2015	\$ 828,604
2016	532,024
2017	446,517
2018	423,783
2019	150,101
Total pledges receivable	<u>2,381,029</u>
Allowance and discount	<u>(9,763)</u>
Total pledges receivable, net of allowance and discount	<u><u>\$ 2,371,266</u></u>

The amount of pledges written off was \$53,692 and \$7,263 for the years ended December 31, 2014 and 2013, 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, 2014 of \$2,353,433, approximately \$1,056,495 relates to a CDFI grant awarded to Mercy Loan Fund and \$775,718 relates to various public source grants awarded to Mercy Housing Lakefront for resident service programs.

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.

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 8.04 percent. Maturity dates range from 2015 to 2041. At December 31, 2014 and 2013, substantially all of the notes and interest receivable are collateralized by real estate.

Total allowances for Mercy Housing Inc. at December 31, 2014 and 2013 consisted of the following:

	<u>MLF</u>	<u>MHSW</u>	<u>MHC</u>	<u>CCH</u>	<u>MHL</u>	<u>MPI</u>	<u>Total</u>
Balance at December 31, 2012	\$ 3,437,752	\$ 780,024	\$ 32,441	\$ 80,706	\$ 176,584	\$ 375,757	\$ 4,883,264
Increase/Decrease to allowance charged to:							
Provision for impaired assets	750,000	-	-	-	-	14,430	764,430
Loans charged off	(1,502,837)	(55,104)	(5,232)	-	-	-	(1,563,173)
Recoveries of loans charged off	-	-	-	-	(104,288)	-	(104,288)
Balance at December 31, 2013	<u>2,684,915</u>	<u>724,920</u>	<u>27,209</u>	<u>80,706</u>	<u>72,296</u>	<u>390,187</u>	<u>3,980,233</u>
Increase/Decrease to allowance charged to:							
Provision for impaired assets	12,643	-	-	-	-	14,430	27,073
Loans charged off	(370,049)	(55,104)	(5,233)	-	-	-	(430,386)
Recoveries of loans charged off	15,534	-	-	-	(70,213)	-	(54,679)
Balance at December 31, 2014	<u>\$ 2,343,043</u>	<u>\$ 669,816</u>	<u>\$ 21,976</u>	<u>\$ 80,706</u>	<u>\$ 2,083</u>	<u>\$ 404,617</u>	<u>\$ 3,522,241</u>

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

Note 6 - Property and equipment and assets held for sale

Property and equipment

Property and equipment at December 31, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Land and land improvements	\$ 251,302,045	\$ 238,137,531
Buildings	2,033,879,382	1,879,624,482
Furniture and equipment	69,149,435	63,182,881
Predevelopment project costs	17,090,242	10,754,408
Construction in progress	<u>71,742,142</u>	<u>122,319,965</u>
 Total property and equipment	 2,443,163,246	 2,314,019,267
Less accumulated depreciation	<u>(625,469,486)</u>	<u>(567,769,397)</u>
 Property and equipment, net	 <u>\$ 1,817,693,760</u>	 <u>\$ 1,746,249,870</u>

For the years ended December 31, 2014 and 2013, depreciation expense was \$80,739,661 and \$74,241,548, 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, 2014, the Company considered the assets of Mercy Southeast Idaho, Inc. (Hamilton Court) and Franciscan Homes IV, LTD as held for sale. At December 31, 2013, the Company considered the assets of Somerset Senior Housing (Casitas de Merced) and Franciscan Homes IV, LTD as held for sale. Management believes that the fair value less costs to sell exceeds the carrying amount of these projects, therefore no loss has been charged to operations for 2014 or 2013.

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

	<u>2014</u>	<u>2013</u>
Total assets	\$ 823,708	\$ 821,294
Total liabilities	4,648,388	4,514,326
Discontinued operations	(165,920)	(246,464)

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

Note 7 - Notes payable

Notes payable as of December 31, 2014 and 2013 include both secured and unsecured borrowings and consist of the following:

	<u>2014</u>	<u>2013</u>
Unsecured Corporate Operating and Predevelopment Loans:		
US Bank - Revolving loan bearing interest at thirty day LIBOR plus 2.70%, payable monthly. The allowable borrowing under this line is \$10,000,000. The rate at December 31, 2014 and 2013 is 2.89% and 2.87%, respectively. Commitment expires September 30, 2017. ⁽¹⁾	\$ -	\$ -
JP Morgan Chase - Revolving predevelopment loan bearing interest at thirty day LIBOR plus 2.50% payable monthly. For the years ended December 31, 2014 and 2013, credit line is available to fund predevelopment expenses up to a total of \$7,000,000 and \$6,750,000, respectively. The rate as of December 31, 2014 and 2013 is 2.69% and 2.69%, respectively. Commitment expires August 1, 2016. ⁽²⁾	7,000,000	4,789,444
Investor Loans to Mercy Loan Fund. Notes bearing interest from 0% to 5% and maturing through 2026. Available balances under these notes is \$2,328,369 and \$0 as of December 31, 2014 and 2013, respectively.	37,129,871	32,415,125
Other Notes Payable, bearing interest from 0% to 4.55% and maturing through 2020. Available balances are \$1,500,000 and \$1,451,736 as of December 31, 2014 and 2013, respectively. ⁽³⁾	<u>19,142,624</u>	<u>20,914,158</u>
Subtotal - Unsecured Corporate Operating and Predevelopment Loans	63,272,495	58,118,727

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Loans secured by the respective properties:		
Construction loans, bearing interest from 0% to 4.9%, with both fixed and variable interest rates, to be repaid in full or converted to permanent loans through 2016. Available balances are \$126,828,857 and \$119,857,778 as of December 31, 2014 and 2013, respectively.	233,446,177	279,879,629
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, 2014 and 2013, respectively.	<u>875,286,238</u>	<u>798,004,329</u>
Total	1,172,004,910	1,136,002,685
Less: current portion	<u>(92,386,795)</u>	<u>(106,724,228)</u>
Non-current portion	<u><u>\$ 1,079,618,115</u></u>	<u><u>\$ 1,029,278,457</u></u>

- (1) As of December 31, 2014 and 2013, the Company had standby Letters of Credit of \$1,980,000 and \$1,370,000, respectively, issued under the operating sub-limit.
- (2) As of December 31, 2014 and 2013, the \$7,000,000 and \$4,789,444, respectively, advanced under the facility line of credit represents 43.2 percent and 48.8 percent, respectively, of the total aggregate predevelopment costs funded to date for those projects where the facility line of credit was being used.
- (3) As of December 31, 2014 and 2013, the Company had a standby Letter of Credit of \$48,264 issued by California Bank & Trust, pursuant to a \$1,500,000 revolving line of credit.

Future minimum principal maturities of notes payable are as follows:

For the year ending December 31, 2015	\$ 92,386,795
2016	48,873,470
2017	15,595,953
2018	13,507,540
2019	10,370,384
Thereafter	<u>991,270,768</u>
Total maturities	1,172,004,910
Less current maturities	<u>(92,386,795)</u>
Notes payable, less current portion	<u><u>\$ 1,079,618,115</u></u>

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

Included in current maturities as of December 31, 2014 and 2013 is construction debt totaling \$64,440,708 and \$77,873,274, 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 capital and 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,			
2015	\$ 1,153,882	\$ 938,446	\$ 2,092,328
2016	1,155,111	938,446	2,093,557
2017	1,064,448	938,447	2,002,895
2018	1,004,192	938,447	1,942,639
2019	327,880	938,447	1,266,327
Thereafter	842,733	43,451,580	44,294,313
Total future minimum lease payments	<u>\$ 5,548,246</u>	<u>\$ 48,143,813</u>	<u>\$ 53,692,059</u>

Lease expense for operating leases was approximately \$2,772,068 and \$2,616,374 for the years ended December 31, 2014 and 2013, respectively, and is included in facilities expense. Ground leases at four projects have been prepaid and are amortizing over the related lives through 2112. Prepaid lease expense as of December 31, 2014 and 2013 was \$10,002,755 and \$10,116,315, respectively.

Note 9 - Related party transactions

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

Notes and interest receivable, affiliates

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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

cases, loans are required to be repaid earlier. This usually occurs in situations where the underlying source of the loan is required to be repaid earlier as well.

Development fee income

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

Other fee income

Substantially all of the property management, data processing, and bookkeeping fee income earned by MHM is related to services provided to affiliates. In addition, the general partners earn partnership management fees for oversight of the properties. Property management fees, data processing fees, bookkeeping fees, and partnership management fees associated with subsidiaries are eliminated in consolidation. Such fee income is included in service fees. Due to a change in 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 2015 through the terms of the underlying partnership or debt agreements. Loans made pursuant to these guarantees are generally interest-free and unsecured. The maximum potential amount of future payments under these guarantees is equal to the amount guaranteed to the partnerships under the tax indemnification agreements discussed below.

MHI has entered into various agreements with certain limited partnerships and limited liability companies or their affiliated general partners or members whereby MHI offers tax indemnification in the event of low-income housing tax credit recapture. MHI's potential liability under these agreements is dependent upon IRS audits and final letters of determination of the limited partnerships' qualified basis in tax credit properties. Similarly, MHI has entered into agreements with state and local governments who have provided loans to certain limited partnerships for the development of affordable housing whereby MHI has guaranteed any recapture of the loans resulting from non-compliance with affordable housing requirements. Management is not aware of any known liability for tax credit or loan recapture. The maximum potential liability under these guarantees as of December 31, 2014 is \$854,223,670 relating to 109 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

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

repayment guarantees for the associated loans. The guarantees terminate when construction is complete and permanent financing repays the construction loans. As of December 31, 2014, MHI had provided guarantees on 19 acquisition and construction loans of \$241,149,866 of which \$147,154,080 was outstanding.

The Company has also issued other guarantees in order to secure financing on various projects. As of December 31, 2014, \$7,916,305 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, 2014, \$2,588,769 was outstanding.

Note 11 - Fair value

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

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

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

The net unrealized gain/(loss) on the interest rate swap contracts during 2014 and 2013 of \$(1,191,342) and \$2,768,495, respectively, is classified within level 2 of the fair value hierarchy. The unrealized gain/(loss) on certificates of deposit during 2014 and 2013 of \$(431,953) and \$(29,305), 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, 2014 and 2013.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

The following table presents the financial assets and liabilities that the Company measured at fair value on a recurring basis as of December 31, 2014.

	Level 1	Level 2	Level 3	Total
Net interest rate swap-asset/(liability)	\$ -	\$ (3,796,743)	\$ -	\$ (3,796,743)
Certificates of deposit	37,598,047	-	-	37,598,047
Equities	7,273	-	-	7,273

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

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 1 percent, respectively, of the employee's gross earnings regardless of whether or not the employee participates in the plan. Contribution costs of property site staff are passed through to the managed projects. The Company contributed \$1,165,870 and \$1,038,177 for the years ended December 31, 2014 and 2013, respectively.

Note 13 - Insurance

The Company uses a combination of insurance, self-insured retention and self-insurance to manage a number of risks, including, but not limited to, general liability, property and the Company's obligation for employee-related health care benefits. Liabilities relating to these claims associated with these risks are estimated by considering historical claims experience, including frequency, severity, demographic factors, and other actuarial assumptions. In estimating the liability for such claims, the Company periodically analyzes

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

historical trends, including loss development, and applies appropriate loss development factors to the incurred costs associated with the claims. Effective January 1, 2013, the Company began retaining some of the risk related to workers compensation through a self-insured retention.

Aggregate reserves relating to retained risk were \$5,411,438 and \$4,567,876 as of December 31, 2014 and 2013. The increase primarily relates to aged claims within the Company's workers compensation self-insurance program.

The company maintains a restricted cash balance to pay future claims related to all areas of retained risk. As of December 30, 2014 and 2013, the Company held \$4,607,699 and \$2,926,083, respectively, in restricted cash to pay future insurance claims.

As of December 31, 2014 and 2013, claims of \$1,872,049 and \$924,298, 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.

Construction contracts

The Company has entered into construction contracts with various third party contractors to construct and rehabilitate projects in the original amount of \$317,596,184 and \$249,910,875 as of December 31, 2014 and 2013, respectively. During 2014 and 2013, change orders were \$16,325,260 and \$11,897,041, respectively. As of December 31, 2014 and 2013, \$14,862,417 and \$23,677,679 remains payable, respectively, which includes retainage payable of \$8,017,423 and \$14,056,492, respectively, and is included in Accounts Payable and Accrued Expenses.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

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 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.

Mercy Housing, Inc.

**Notes to Consolidated Financial Statements
December 31, 2014 and 2013**

The Company and its subsidiaries invested assets consisting of bank certificates of deposits (CDs) and money market funds which invest in CDs, commercial paper, US Treasury bills, US Agency bonds, notes, and repurchase agreements. Investment policy and guidelines are established by the finance committee of the board of trustees. These investments are exposed to various risks, such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of investments reported in the consolidated statements of financial position as of December 31, 2014. The investment policy and guidelines consider liquidity and risk for each entity and each pool of assets and attempt to diversify asset classes to mitigate risks over the applicable time horizons.

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

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 statement of activities. Contributions of \$1,344,075 during 2013 are included in Philanthropy. Expenses related to the event of \$395,887 in 2013 are included in administrative expenses.

Note 17 - Subsequent events

Events that occur after the balance sheet date but before the consolidated financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying consolidated financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Company through April 23, 2015 (the date the consolidated financial statements were available to be issued) and concluded that one subsequent event has occurred that would require disclosure in the notes to the consolidated financial statements.

In March of 2015, the Company entered in a purchase and sale agreement (the Agreement) with an unrelated party to purchase real estate and fixed assets located in San Francisco, California in the amount of \$13,000,000. The Agreement requires the Company close the transaction within 90 days of the execution of the Agreement.

Supplementary Information

Mercy Housing, Inc.

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Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 19,682,489	\$ 6,301,560	\$ -	\$ 493,619	\$ 1,872,077	\$ 15,390,073
Cash, tenant security deposits	-	-	-	-	340,157	1,702,299
Cash, restricted	5,478,924	323,081	770	27,773,867	1,010,650	9,501,723
Investments	450,000	-	-	-	-	-
Investments, restricted	7,273	3,329,594	-	-	-	-
Accounts receivable, net	525,627	56,267	2,996,106	1,229,668	368,947	2,356,403
Due from affiliate, net	5,651,615	2,770	1,965,531	-	518,838	4,292,415
Pledges receivable, net	439,645	1,650	-	-	28,172	7,875
Grants receivable	-	1,056,495	-	-	47,607	209,416
Current portion of notes and interest receivable	-	13,438,196	-	-	-	55,551
Current portion of notes and interest receivable, affiliates	8,940,154	-	-	-	2,797	131,297
Prepaid expenses and other assets	313,324	24,088	152,982	22,864	339,390	1,644,326
Inventory	-	-	-	882,238	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	41,489,051	24,533,701	5,115,389	30,402,256	4,528,635	35,291,378
Property and equipment						
Land and land improvements	855,000	-	-	-	9,940,129	66,584,890
Buildings	71,748	-	-	-	89,791,972	526,782,689
Furniture and equipment	3,715,889	-	11,330	201,425	3,481,327	19,861,007
Predevelopment project costs	-	-	-	-	-	11,840,141
Construction in progress	-	-	-	-	-	59,290,433
Accumulated depreciation	(3,757,871)	-	(11,330)	(188,833)	(39,133,374)	(113,200,691)
Net property and equipment	884,766	-	-	12,592	64,080,054	571,158,469
Other long-term assets						
Restricted property reserves	-	-	-	-	6,003,939	35,374,608
Cash, restricted	-	-	-	-	-	-
Long-term investments	6,350,000	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	775,972	-	-	-	114,382	221,004
Pledges receivable, net	1,350,000	-	-	-	295	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships, net	1,289,069	69,334	-	-	-	(3,930,108)
Notes and interest receivable, net	6,928,349	27,223,529	-	-	-	3,468,777
Notes and interest receivable, affiliates	4,915,953	-	-	-	4,378,425	627,8354
Allowance for impaired assets	-	-	-	-	(545,883)	-
Other assets, net	7,500	-	-	-	1,312,375	15,197,138
Total other long-term assets	21,616,843	27,292,863	-	-	11,263,533	56,609,773
Total assets	\$ 63,990,660	\$ 51,826,564	\$ 5,115,389	\$ 30,414,848	\$ 79,872,222	\$ 663,059,620

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 5,959,087	\$ 134,476	\$ 3,566,620	\$ 257,721	\$ 1,343,445	\$ 17,785,062
Due to affiliates	66,470	-	10,494,489	1,355,585	5,907,952	816,124
Accrued interest	31,889	227,436	-	-	65,125	1,260,614
Accrued interest, affiliates	36,030	-	-	-	53,754	48,032
Current portion of notes payable	4,968,144	7,722,800	-	233,290	283,973	46,841,602
Current portion of notes payable, affiliates	4,547,010	75,519	-	-	78,080	2,601,677
Deferred revenue and other liabilities	2,516,773	-	855,174	27,705,235	72,364	2,351,903
Tenant security deposits	-	-	-	-	333,901	1,788,933
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	18,125,403	8,160,231	14,916,283	29,551,831	8,138,594	73,493,947
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	67,212	-	-	-	563,382	20,604,479
Accrued interest, affiliates	-	-	-	-	5,405	141,750
Notes payable, less current portion, net	18,499,394	28,032,158	-	838,712	18,399,856	338,466,647
Notes payable, less current portion, affiliates	8,144,623	1,299,394	-	-	5,948,055	2,303,441
Deferred revenue and other liabilities	3,010,966	2,000,000	-	465,883	21,886	23,802,112
Total long-term liabilities	29,722,195	31,331,552	-	1,304,595	24,938,584	385,318,429
Total liabilities	47,847,598	39,491,783	14,916,283	30,856,426	33,077,178	458,812,376
Net assets						
Unrestricted net assets, controlling	12,329,965	12,099,219	(9,800,894)	(453,902)	24,716,664	126,408,862
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	12,329,965	12,099,219	(9,800,894)	(453,902)	24,716,664	126,408,862
Temporarily restricted net assets	3,058,097	235,562	-	12,324	21,578,380	76,068,382
Permanently restricted net assets	755,000	-	-	-	500,000	1,770,000
Total net assets	16,143,062	12,334,781	(9,800,894)	(441,578)	46,795,044	204,247,244
Total liabilities and net assets	\$ 63,990,660	\$ 51,826,564	\$ 5,115,389	\$ 30,414,848	\$ 79,872,222	\$ 663,059,620

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Consolidated Mercy Housing Northwest-Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)
Assets						
Current assets						
Cash and cash equivalents	\$ 239,438	\$ 8,428,892	\$ 938,064	\$ 3,107,110	\$ -	\$ 391,427
Cash, tenant security deposits	71,469	585,088	555,491	462,219	-	211,775
Cash, restricted	138,035	2,777,555	1,414,360	1,030,450	20,000	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	33,998	581,278	207,139	363,957	-	83,815
Due from affiliate, net	780,588	5,615	157,535	64,050	-	43,848
Pledges receivable, net	-	271,475	6,436	73,351	-	-
Grants receivable	-	775,718	-	177,631	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	4,900	40,000	217,351	133,990	-	-
Prepaid expenses and other assets	54,634	854,304	475,503	474,218	-	79,442
Inventory	608,405	-	-	-	-	-
Assets held for sale	440,493	-	-	-	-	-
Total current assets	<u>2,371,960</u>	<u>14,319,925</u>	<u>3,971,879</u>	<u>5,886,976</u>	<u>20,000</u>	<u>810,307</u>
Property and equipment						
Land and land improvements	2,183,062	26,241,921	26,509,061	21,580,967	-	4,398,439
Buildings	17,840,044	238,349,168	181,045,314	140,172,054	-	17,273,420
Furniture and equipment	686,949	7,480,388	7,352,749	4,535,877	-	273,844
Predevelopment project costs	8,000	5,371,679	621,919	128,567	-	-
Construction in progress	-	501,321	10,477,903	890,581	-	-
Accumulated depreciation	(6,289,817)	(64,883,664)	(46,943,941)	(28,267,929)	-	(6,485,180)
Net property and equipment	<u>14,428,238</u>	<u>213,060,813</u>	<u>179,063,005</u>	<u>139,040,117</u>	<u>-</u>	<u>15,460,523</u>
Other long-term assets						
Restricted property reserves	1,202,882	25,556,836	8,881,977	6,620,947	-	1,868,566
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	2,250,000	-	-	-
Due from affiliates	-	-	310,668	-	-	-
Pledges receivable, net	-	75,000	-	117,367	-	-
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships, net	-	(1,928,913)	-	1,069,390	-	-
Notes and interest receivable, net	108,014	75,000	-	-	-	-
Notes and interest receivable, affiliates	204,050	-	88,096	64,470	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	91,588	4,407,034	4,413,307	2,783,338	-	200,135
Total other long-term assets	<u>1,606,534</u>	<u>28,184,957</u>	<u>15,944,048</u>	<u>10,655,512</u>	<u>-</u>	<u>2,068,701</u>
Total assets	<u><u>\$ 18,406,732</u></u>	<u><u>\$ 255,565,695</u></u>	<u><u>\$ 198,978,932</u></u>	<u><u>\$ 155,582,605</u></u>	<u><u>\$ 20,000</u></u>	<u><u>\$ 18,339,531</u></u>

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Consolidated Mercy Housing Northwest-Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 327,952	\$ 5,659,384	\$ 5,159,114	\$ 3,214,173	\$ 5,000	\$ 599,280
Due to affiliates	2,324,352	519,282	12,086,870	234,989	2,149,348	99,958
Accrued interest	2,660	593,723	126,368	177,272	-	39,805
Accrued interest, affiliates	1,784	-	-	-	-	-
Current portion of notes payable	590,909	5,054,415	5,628,028	6,216,672	-	552,656
Current portion of notes payable, affiliates	13,946	5,901,809	905,224	76,379	166,082	-
Deferred revenue and other liabilities	13,665	391,666	66,588	38,808	-	13,657
Tenant security deposits	70,864	603,485	524,321	465,348	-	211,919
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	3,346,132	18,723,764	24,496,513	10,423,641	2,320,430	1,517,275
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	81,208	3,079,230	295,628	457,521	-	-
Accrued interest, affiliates	1,540,777	-	-	-	-	-
Notes payable, less current portion, net	2,390,991	111,810,439	64,829,978	74,219,756	-	15,724,287
Notes payable, less current portion, affiliates	912,545	-	-	411,469	-	-
Deferred revenue and other liabilities	14,859	2,436,818	718,720	279,762	-	-
Total long-term liabilities	4,940,380	117,326,487	65,844,326	75,368,508	-	15,724,287
Total liabilities	8,286,512	136,050,251	90,340,839	85,792,149	2,320,430	17,241,562
Net assets						
Unrestricted net assets, controlling	3,952,425	102,591,742	70,779,256	58,890,595	(2,320,430)	(551,928)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	3,952,425	102,591,742	70,779,256	58,890,595	(2,320,430)	(551,928)
Temporarily restricted net assets	6,167,795	16,546,702	37,858,837	10,899,861	20,000	1,649,897
Permanently restricted net assets	-	377,000	-	-	-	-
Total net assets	10,120,220	119,515,444	108,638,093	69,790,456	(2,300,430)	1,097,969
Total liabilities and net assets	\$ 18,406,732	\$ 255,565,695	\$ 198,978,932	\$ 155,582,605	\$ 20,000	\$ 18,339,531

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 240,089	\$ 197,214	\$ -	\$ 9,305,508	\$ (39,860,650)	\$ 26,726,910
Cash, tenant security deposits	114,260	16,045	-	2,661,583	-	6,720,386
Cash, restricted	347,329	-	-	1,323,600	-	51,140,344
Investments	-	-	-	-	-	450,000
Investments, restricted	-	-	-	-	(3,329,594)	7,273
Accounts receivable, net	23,756	-	-	1,034,199	(3,771,866)	6,089,294
Due from affiliate, net	28,720	-	-	50,400	(13,561,925)	-
Pledges receivable, net	-	-	-	-	-	828,604
Grants receivable	-	-	-	86,566	-	2,353,433
Current portion of notes and interest receivable	-	-	-	-	(445,195)	13,048,552
Current portion of notes and interest receivable, affiliates	-	-	-	-	(9,470,489)	-
Prepaid expenses and other assets	86,157	22,839	-	2,004,520	(1,019,148)	5,529,443
Inventory	-	-	-	-	-	1,490,643
Assets held for sale	-	-	-	99,100	-	539,593
Total current assets	840,311	236,098	-	16,565,476	(71,458,867)	114,924,475
Property and equipment						
Land and land improvements	1,713,921	118,488	-	92,472,375	(1,296,208)	251,302,045
Buildings	13,192,622	4,359,557	-	828,034,168	(23,033,374)	2,033,879,382
Furniture and equipment	151,937	121,217	-	21,275,496	-	69,149,435
Predevelopment project costs	-	-	-	-	(880,064)	17,090,242
Construction in progress	-	-	-	723,737	(141,833)	71,742,142
Accumulated depreciation	(4,361,417)	(1,980,058)	-	(313,890,748)	3,925,367	(625,469,486)
Net property and equipment	10,697,063	2,619,204	-	628,615,028	(21,426,112)	1,817,693,760
Other long-term assets						
Restricted property reserves	1,969,756	424,182	-	31,727,384	-	119,631,077
Cash, restricted	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	6,350,000
Long-term investments, restricted	-	-	-	-	-	2,250,000
Due from affiliates	-	-	-	-	(1,422,026)	-
Pledges receivable, net	-	-	-	-	-	1,542,662
Grants receivable	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	(3,945,380)	8,409,996	1,033,388
Notes and interest receivable, net	-	-	-	285,520	(8,092,350)	29,996,839
Notes and interest receivable, affiliates	-	-	-	1,197,412	(17,126,760)	-
Allowance for impaired assets	-	-	-	-	545,883	-
Other assets, net	209,286	25,952	-	8,996,453	(128,925)	37,515,181
Total other long-term assets	2,179,042	450,134	-	38,261,389	(17,814,182)	198,319,147
Total assets	\$ 13,716,416	\$ 3,305,436	\$ -	\$ 683,441,893	\$ (110,699,161)	\$ 2,130,937,382

Mercy Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 538,719	\$ 110,325	\$ -	\$ 10,096,152	\$ (6,240,007)	\$ 48,516,503
Due to affiliates	-	-	-	11,476,407	(47,531,826)	-
Accrued interest	14,219	10,374	-	557,566	-	3,107,051
Accrued interest, affiliates	-	-	-	136	(139,736)	-
Current portion of notes payable	283,383	186,642	-	13,863,287	(39,006)	92,386,795
Current portion of notes payable, affiliates	-	-	-	318,204	(14,683,930)	-
Deferred revenue and other liabilities	25,425	983	-	748,132	(1,239,254)	33,561,119
Tenant security deposits	110,564	15,310	-	2,700,275	-	6,824,920
Miscellaneous current liabilities	-	-	-	-	-	-
Total current liabilities	972,310	323,634	-	39,760,159	(69,873,759)	184,396,388
Long-term liabilities						
Due to affiliates	-	-	-	1,352,738	(1,352,738)	-
Accrued interest	-	172,859	-	58,218,311	-	83,539,830
Accrued interest, affiliates	-	-	-	5,035,767	(6,723,699)	-
Notes payable, less current portion, net	11,681,246	2,005,865	-	392,718,786	-	1,079,618,115
Notes payable, less current portion, affiliates	-	-	-	24,190,304	(43,209,831)	-
Deferred revenue and other liabilities	-	-	-	9,313,922	(3,120,605)	38,944,323
Total long-term liabilities	11,681,246	2,178,724	-	490,829,828	(54,406,873)	1,202,102,268
Total liabilities	12,653,556	2,502,358	-	530,589,987	(124,280,632)	1,386,498,656
Net assets						
Unrestricted net assets, controlling	(1,142,138)	803,078	-	115,056,458	(473,108,222)	40,250,750
Unrestricted net assets, noncontrolling	-	-	-	-	487,395,322	487,395,322
Total unrestricted net assets	(1,142,138)	803,078	-	115,056,458	14,287,100	527,646,072
Temporarily restricted net assets	2,204,998	-	-	37,795,448	(705,629)	213,390,654
Permanently restricted net assets	-	-	-	-	-	3,402,000
Total net assets	1,062,860	803,078	-	152,851,906	13,581,471	744,438,726
Total liabilities and net assets	\$ 13,716,416	\$ 3,305,436	\$ -	\$ 683,441,893	\$ (110,699,161)	\$ 2,130,937,382

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2014

	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	\$ -	\$ -	\$ -	\$ -	\$ 10,014,665	\$ 31,996,120
Developer fees	-	-	-	-	-	7,330,909
Services fees	2,964,633	-	12,509,431	-	153,829	1,543,289
Philanthropy	4,480,302	2,166,411	-	44,500	1,155,579	1,769,021
Capital grants	-	-	-	-	14,000	1,053,922
Consulting	-	-	90,182	2,480,293	-	559,216
Interest	1,873,256	2,127,463	-	58,799	325,132	542,667
Other	3,682,602	456,125	1,708,018	119,735	834,706	6,538,063
Total revenues	13,000,793	4,749,999	14,307,631	2,703,327	12,497,911	51,333,207
Expenses and losses						
Compensation	12,853,580	941,637	8,089,194	1,505,023	3,713,917	16,575,160
Administrative	3,395,565	79,989	1,225,939	187,433	2,004,304	8,062,671
Professional services	884,187	83,012	752,434	312,952	463,739	1,290,109
Depreciation and amortization	19,969	-	-	4,434	3,655,825	20,317,390
Grants	2,202,112	-	250	20,000	118,767	1,941,405
Facility	766,941	16,530	95,590	179,752	3,719,925	11,566,697
Interest and fees	1,377,884	850,252	200,018	108,400	1,309,518	7,414,588
Bad debts	348,509	-	221,024	-	100,562	338,472
Provision for impaired assets	333,469	12,643	-	-	321,273	158,412
Project expenses	-	-	-	-	-	7,254
Allocation	(15,024,500)	460,032	6,513,710	699,082	1,084,512	2,134,270
(Gain) loss on sale of assets	(2,823)	-	-	-	(305,277)	(145,715)
(Gain) loss on investment in limited partnership	4,778	-	-	-	9	589,071
Total expenses and losses	7,159,671	2,444,095	17,098,159	3,017,076	16,187,074	70,249,784
Excess (deficiency) of revenues over expenses	5,841,122	2,305,904	(2,790,528)	(313,749)	(3,689,163)	(18,916,577)
Net assets at the beginning of year	10,301,940	10,028,877	(7,010,366)	(127,829)	49,429,990	152,204,248
Net transfers to (from) net assets	-	-	-	-	1,054,217	70,959,573
Net assets at end of year	\$ 16,143,062	\$ 12,334,781	\$ (9,800,894)	\$ (441,578)	\$ 46,795,044	\$ 204,247,244

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2014

	Consolidated Mercy Housing Northwest-Idaho, Inc.	Consolidated Mercy Housing Lakefront	Consolidated Mercy Housing South East	Consolidated Mercy Housing Northwest	Mercy Housing Ohio, Inc.	Mercy Properties Washington III, LLC (Cobble Knoll I)
Revenues						
Rent - net of vacancies	\$ 1,397,541	\$ 22,326,657	\$ 16,671,447	\$ 8,870,619	\$ -	\$ 3,819,028
Developer fees	30,807	(339,596)	1,082,250	2,669,478	-	-
Services fees	-	6,337	-	58,348	-	-
Philanthropy	112,888	6,327,674	56,598	1,299,296	-	-
Capital grants	-	675,412	-	100,000	-	-
Consulting	158,543	-	-	94,795	-	-
Interest	62,973	44,258	45,185	13,258	49,968	458
Other	103,346	2,275,283	1,182,861	937,435	250,000	62,970
Total revenues	<u>1,866,098</u>	<u>31,316,025</u>	<u>19,038,341</u>	<u>14,043,229</u>	<u>299,968</u>	<u>3,882,456</u>
Expenses and losses						
Compensation	688,605	10,423,147	4,472,900	3,889,707	-	753,967
Administrative	324,721	3,419,183	2,840,990	1,936,584	-	455,562
Professional services	105,426	1,071,109	697,162	491,959	5,131	97,937
Depreciation and amortization	744,363	9,010,138	7,956,070	5,958,342	-	711,809
Grants	47,407	146,718	591,868	77,633	230,000	209,391
Facility	572,239	10,249,106	8,016,336	3,127,617	-	1,433,639
Interest and fees	248,615	2,967,864	3,841,301	1,602,080	92,618	486,537
Bad debts	70,752	363,915	251,625	255,551	348,762	18,135
Provision for impaired assets	411,626	-	15,872	2,160	-	-
Project expenses	445	266,688	78,942	4,775	-	-
Allocation	235,224	1,877,650	920,304	1,030,356	69,360	-
(Gain) loss on sale of assets	-	-	78,802	-	-	-
(Gain) loss on investment in limited partnership	-	165,670	-	(357)	-	-
Total expenses and losses	<u>3,449,423</u>	<u>39,961,188</u>	<u>29,762,172</u>	<u>18,376,407</u>	<u>745,871</u>	<u>4,166,977</u>
Excess (deficiency) of revenues over expenses	<u>(1,583,325)</u>	<u>(8,645,163)</u>	<u>(10,723,831)</u>	<u>(4,333,178)</u>	<u>(445,903)</u>	<u>(284,521)</u>
Net assets at the beginning of year	11,598,727	99,935,576	117,868,079	65,110,896	(1,854,527)	930,771
Net transfers to (from) net assets	104,818	28,225,031	1,493,845	9,012,738	-	451,719
Net assets at end of year	<u>\$ 10,120,220</u>	<u>\$ 119,515,444</u>	<u>\$ 108,638,093</u>	<u>\$ 69,790,456</u>	<u>\$ (2,300,430)</u>	<u>\$ 1,097,969</u>

Mercy Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2014

	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	\$ 2,582,685	\$ 727,791	\$ 239,996	\$ 53,984,418	\$ (268,585)	\$ 152,362,382
Developer fees	-	-	-	-	-	10,773,848
Services fees	-	-	-	489	(16,156,591)	1,079,765
Philanthropy	-	-	-	94,864	(350,000)	17,157,133
Capital grants	-	-	-	78,603	-	1,921,937
Consulting	-	-	-	-	(75,180)	3,307,849
Interest	599	378	9	285,208	(3,207,976)	2,221,635
Other	45,736	1,674	2,175	7,555,016	(14,062,856)	11,692,889
Total revenues	2,629,020	729,843	242,180	61,998,598	(34,121,188)	200,517,438
Expenses and losses						
Compensation	689,649	87,119	37,444	12,990,867	(55,440)	77,656,476
Administrative	306,222	58,709	25,717	8,929,912	(15,621,133)	17,632,368
Professional services	72,123	8,945	5,483	3,177,829	(1,530,028)	7,989,509
Depreciation and amortization	522,077	182,561	44,272	34,790,667	(837,221)	83,080,696
Grants	-	-	-	732,959	(6,141,287)	177,223
Facility	813,499	180,257	56,928	20,488,498	(1,444,544)	59,839,010
Interest and fees	376,192	235,097	37,063	12,859,038	(2,961,733)	31,045,332
Bad debts	12,311	-	651	214,142	(1,252,652)	1,291,759
Provision for impaired assets	-	-	-	31,440	(1,159,463)	127,432
Project expenses	-	-	-	-	(42,526)	315,578
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	(1,881,242)	(618,945)	(2,875,200)
(Gain) loss on investment in limited partnership	-	-	-	2,033,655	(2,885,500)	(92,674)
Total expenses and losses	2,792,073	752,688	207,558	94,367,765	(34,550,472)	276,187,509
Excess (deficiency) of revenues over expenses	(163,053)	(22,845)	34,622	(32,369,167)	429,284	(75,670,071)
Net assets at the beginning of year	1,225,913	825,923	1,019,595	189,688,147	12,971,814	714,147,774
Net transfers to (from) net assets	-	-	(1,054,217)	(4,467,074)	180,373	105,961,023
Net assets at end of year	\$ 1,062,860	\$ 803,078	\$ -	\$ 152,851,906	\$ 13,581,471	\$ 744,438,726

Mercy Portfolio Services, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Portfolio Services, Inc.	MPS Community I, LLC	MPS Stabilization, LLC	Eliminations	Consolidated Mercy Portfolio Services, Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 430,986	\$ 62,633	\$ -	\$ 493,619
Cash, tenant security deposits	-	-	-	-	-
Cash, restricted	27,773,867	-	-	-	27,773,867
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	1,173,163	-	56,505	-	1,229,668
Due from affiliate, net	1,165,292	103,274	-	(1,268,566)	-
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	206,544	-	-	(206,544)	-
Prepaid expenses and other assets	22,864	-	-	-	22,864
Inventory	-	690,856	191,382	-	882,238
Assets held for sale	-	-	-	-	-
Total current assets	<u>30,341,730</u>	<u>1,225,116</u>	<u>310,520</u>	<u>(1,475,110)</u>	<u>30,402,256</u>
Property and equipment					
Land and land improvements	-	-	-	-	-
Buildings	-	-	-	-	-
Furniture and equipment	201,425	-	-	-	201,425
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(188,833)	-	-	-	(188,833)
Net property and equipment	<u>12,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,592</u>
Other long-term assets					
Restricted property reserves	-	-	-	-	-
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	-	-	-	-
Total other long-term assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 30,354,322</u>	<u>\$ 1,225,116</u>	<u>\$ 310,520</u>	<u>\$ (1,475,110)</u>	<u>\$ 30,414,848</u>

Mercy Portfolio Services, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 160,510	\$ 84,981	\$ 12,230	\$ -	\$ 257,721
Due to affiliates	1,458,859	191,544	15,000	(309,818)	1,355,585
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	233,290	-	-	-	233,290
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	27,705,236	(1)	-	-	27,705,235
Tenant security deposits	-	-	-	-	-
Total current liabilities	29,557,895	276,524	27,230	(309,818)	29,551,831
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	838,712	-	-	-	838,712
Notes payable, less current portion, affiliates	-	466,119	233,290	(699,409)	-
Deferred revenue and other liabilities	465,883	465,883	-	(465,883)	465,883
Total long-term liabilities	1,304,595	932,002	233,290	(1,165,292)	1,304,595
Total liabilities	30,862,490	1,208,526	260,520	(1,475,110)	30,856,426
Net assets					
Unrestricted net assets, controlling	(520,492)	16,590	50,000	-	(453,902)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	(520,492)	16,590	50,000	-	(453,902)
Temporarily restricted net assets	12,324	-	-	-	12,324
Permanently restricted net assets	-	-	-	-	-
Total net assets	(508,168)	16,590	50,000	-	(441,578)
Total liabilities and net assets	\$ 30,354,322	\$ 1,225,116	\$ 310,520	\$ (1,475,110)	\$ 30,414,848

Mercy Portfolio Services, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	44,500	-	-	-	44,500
Capital grants	-	-	-	-	-
Consulting	2,480,293	-	-	-	2,480,293
Interest	58,799	-	-	-	58,799
Other	89,735	-	30,000	-	119,735
Total revenues	<u>2,673,327</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>2,703,327</u>
Expenses and losses					
Compensation	1,505,023	-	-	-	1,505,023
Administrative	187,433	-	-	-	187,433
Professional services	312,952	-	-	-	312,952
Depreciation and amortization	4,434	-	-	-	4,434
Grants	20,000	-	-	-	20,000
Facility	179,752	-	-	-	179,752
Interest and fees	108,400	-	-	-	108,400
Bad debts	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	699,082	-	-	-	699,082
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-
Total expenses and losses	<u>3,017,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,017,076</u>
Excess (deficiency) of revenues over expenses	(343,749)	-	30,000	-	(313,749)
Net assets at beginning of year	(164,419)	16,590	20,000	-	(127,829)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (508,168)</u>	<u>\$ 16,590</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (441,578)</u>

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)	Mercy Housing Colorado IV, LTD (Wapiti Meadows)	MHMP GP, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 305,723	\$ -	\$ 47,390	\$ 59,199	\$ -
Cash, tenant security deposits	-	-	-	12,491	-	20,790	22,018	-
Cash, restricted	467,517	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	131,065	-	-	67,328	-	7,459	75	-
Due from affiliate, net	266,607	-	53,045	-	(117,116)	-	-	6,493
Pledges receivable, net	25,626	-	-	-	-	-	-	-
Grants receivable	21,054	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	30,000	-	-	-	-	-	-	-
Prepaid expenses and other assets	14,907	-	-	17,882	-	15,129	11,601	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	956,776	-	53,045	403,424	(117,116)	90,768	92,893	6,493
Property and equipment								
Land and land improvements	-	226,320	-	2,140,326	-	833,782	706,913	-
Buildings	-	378,604	-	12,099,326	-	4,385,073	4,523,108	-
Furniture and equipment	15,000	60,479	-	463,958	-	199,596	217,178	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(15,000)	(199,529)	-	(1,405,412)	-	(3,493,351)	(3,734,052)	-
Net property and equipment	-	465,874	-	13,298,198	-	1,925,100	1,713,147	-
Other long-term assets								
Restricted property reserves	-	-	-	763,124	-	152,930	123,829	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	199,614	-	-	-	-	-	-	-
Pledges receivable, net	126	-	-	-	-	-	-	-
Investments in limited partnerships, net	100	-	1,380,017	-	(12,646)	-	-	(5,683)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	5,619,679	-	-	-	-	-	-	-
Allowance for impaired assets	(545,883)	-	-	-	-	-	-	-
Other assets, net	-	-	-	300,465	-	175,577	106,602	-
Total other long-term assets	5,273,636	-	1,380,017	1,063,589	(12,646)	328,507	230,431	(5,683)
Total assets	\$ 6,230,412	\$ 465,874	\$ 1,433,062	\$ 14,765,211	\$ (129,762)	\$ 2,344,375	\$ 2,036,471	\$ 810

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)	Mercy Housing Colorado IV, LTD (Wapiti Meadows)	MHMP GP, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 90,104	\$ -	\$ -	\$ 60,877	\$ -	\$ 12,704	\$ 40,251	\$ -
Due to affiliates	2,050,605	-	61,068	74,218	7,177	92,574	3,177	26,840
Accrued interest	-	-	-	11,850	-	9,937	-	-
Accrued interest, affiliates	-	-	-	-	-	-	34,267	-
Current portion of notes payable	-	-	-	36,128	-	35,673	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	11,852	-
Deferred revenue and other liabilities	1	(1)	(1)	1,883	(1)	2,198	1,866	1
Tenant security deposits	-	-	-	12,542	-	20,548	21,017	-
Total current liabilities	2,140,710	(1)	61,067	197,498	7,176	173,634	112,430	26,841
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	309,456	-	523,441	-	-
Notes payable, less current portion, net	67,213	-	-	1,911,888	-	2,097,403	-	-
Notes payable, less current portion, affiliates	-	70,000	-	2,249,000	-	795,653	897,187	-
Deferred revenue and other liabilities	-	-	-	-	-	4,526	3,138	-
Total long-term liabilities	67,213	70,000	-	4,470,344	-	3,421,023	900,325	-
Total liabilities	2,207,923	69,999	61,067	4,667,842	7,176	3,594,657	1,012,755	26,841
Net assets								
Unrestricted net assets, controlling	(1,931,990)	395,875	1,371,995	10,097,369	(136,938)	(1,250,282)	1,023,716	(26,031)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,931,990)	395,875	1,371,995	10,097,369	(136,938)	(1,250,282)	1,023,716	(26,031)
Temporarily restricted net assets	5,454,479	-	-	-	-	-	-	-
Permanently restricted net assets	500,000	-	-	-	-	-	-	-
Total net assets	4,022,489	395,875	1,371,995	10,097,369	(136,938)	(1,250,282)	1,023,716	(26,031)
Total liabilities and net assets	\$ 6,230,412	\$ 465,874	\$ 1,433,062	\$ 14,765,211	\$ (129,762)	\$ 2,344,375	\$ 2,036,471	\$ 810

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	MHMP CO GP, Inc.	Mercy Bond Properties Colorado I (Franconia LLC)	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
Assets							
Current assets							
Cash and cash equivalents	\$ 102,455	\$ -	\$ 194,532	\$ 650,700	\$ 512,078	\$ -	\$ 1,872,077
Cash, tenant security deposits	24,408	-	11,371	140,037	109,042	-	340,157
Cash, restricted	-	-	-	420,870	122,263	-	1,010,650
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	1,885	137,468	25,667	(2,000)	368,947
Due from affiliate, net	-	-	-	192,449	96,000	21,360	518,838
Pledges receivable, net	-	-	-	2,546	-	-	28,172
Grants receivable	-	-	-	-	26,553	-	47,607
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	2,797	-	(30,000)	2,797
Prepaid expenses and other assets	10,806	-	10,959	117,153	140,953	-	339,390
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	137,669	-	218,747	1,664,020	1,032,556	(10,640)	4,528,635
Property and equipment							
Land and land improvements	1,236,231	-	622,232	2,160,341	2,013,984	-	9,940,129
Buildings	5,217,214	-	2,260,355	32,512,940	28,671,371	(256,019)	89,791,972
Furniture and equipment	198,376	-	83,182	504,936	1,738,622	-	3,481,327
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(3,636,110)	-	(537,127)	(8,377,833)	(17,761,016)	26,056	(39,133,374)
Net property and equipment	3,015,711	-	2,428,642	26,800,384	14,662,961	(229,963)	64,080,054
Other long-term assets							
Restricted property reserves	208,066	-	379,275	2,378,595	1,998,120	-	6,003,939
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	(85,232)	114,382
Pledges receivable, net	-	-	-	149	20	-	295
Investments in limited partnerships, net	-	-	-	-	-	(1,361,788)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	(1,241,254)	4,378,425
Allowance for impaired assets	-	-	-	-	-	-	(545,883)
Other assets, net	42,963	-	43,349	617,018	26,401	-	1,312,375
Total other long-term assets	251,029	-	422,624	2,995,762	2,024,541	(2,688,274)	11,263,533
Total assets	\$ 3,404,409	\$ -	\$ 3,070,013	\$ 31,460,166	\$ 17,720,058	\$ (2,928,877)	\$ 79,872,222

Mercy Housing Mountain Plains
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	MHMP CO GP, Inc.	Mercy Bond Properties Colorado I (Franconia LLC)	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 29,010	\$ -	\$ 33,219	\$ 488,068	\$ 591,212	\$ (2,000)	\$ 1,343,445
Due to affiliates	6,493	6,175	-	1,330,215	2,440,916	(191,506)	5,907,952
Accrued interest	-	-	-	34,574	8,764	-	65,125
Accrued interest, affiliates	11,191	-	11,362	225	-	(3,291)	53,754
Current portion of notes payable	-	-	-	162,050	50,122	-	283,973
Current portion of notes payable, affiliates	39,597	-	34,162	-	-	(7,531)	78,080
Deferred revenue and other liabilities	6,196	-	1,798	30,269	28,155	-	72,364
Tenant security deposits	23,907	-	10,871	137,249	107,767	-	333,901
Total current liabilities	116,394	6,175	91,412	2,182,650	3,226,936	(204,328)	8,138,594
Long-term liabilities							
Due to affiliates	-	-	-	-	34,949	(34,949)	-
Accrued interest	-	-	-	563,382	-	-	563,382
Accrued interest, affiliates	608,047	-	-	-	-	(1,435,539)	5,405
Notes payable, less current portion, net	-	-	-	12,849,289	1,474,063	-	18,399,856
Notes payable, less current portion, affiliates	2,561,554	-	2,444,861	285,000	-	(3,355,200)	5,948,055
Deferred revenue and other liabilities	3,219	-	3,389	129,281	7,614	(129,281)	21,886
Total long-term liabilities	3,172,820	-	2,448,250	13,826,952	1,516,626	(4,954,969)	24,938,584
Total liabilities	3,289,214	6,175	2,539,662	16,009,602	4,743,562	(5,159,297)	33,077,178
Net assets							
Unrestricted net assets, controlling	115,195	(6,175)	357,351	11,690,652	785,507	2,230,420	24,716,664
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	115,195	(6,175)	357,351	11,690,652	785,507	2,230,420	24,716,664
Temporarily restricted net assets	-	-	173,000	3,759,912	12,190,989	-	21,578,380
Permanently restricted net assets	-	-	-	-	-	-	500,000
Total net assets	115,195	(6,175)	530,351	15,450,564	12,976,496	2,230,420	46,795,044
Total liabilities and net assets	\$ 3,404,409	\$ -	\$ 3,070,013	\$ 31,460,166	\$ 17,720,058	\$ (2,928,877)	\$ 79,872,222

Mercy Housing Mountain Plains
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing Mountain Plains	Holly Park Community Center, LLC	Stapleton II Mercy, LLC	Bluff Mercy, LLC (Bluff Lake)	Mercy Housing Colorado GP, LLC	Mercy Housing Colorado III, LTD. (Springfield Court)	Mercy Housing Colorado IV, LTD (Wapiti Meadows)	MHMP GP, LLC
Revenues								
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 884,106	\$ -	\$ 523,157	\$ 403,450	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	406,419	-	104,545	-	20,534	-	-	9,740
Philanthropy	742,815	-	-	-	-	-	-	-
Capital grants	14,000	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	500,162	-	-	196	-	22	142	-
Other	795,601	5,555	-	132,748	-	5,371	8,327	-
Total revenues	2,458,997	5,555	104,545	1,017,050	20,534	528,550	411,919	9,740
Expenses and losses								
Compensation	904,998	-	-	139,749	-	78,599	113,541	-
Administrative	134,587	2,217	104,555	242,550	70,536	68,289	55,167	9,750
Professional services	185,491	-	2,778	92,275	678	3,965	3,767	733
Depreciation and amortization	-	37,347	-	540,387	-	181,775	173,493	-
Grants	44,491	-	-	-	-	-	-	-
Facility	641	-	-	232,376	-	110,216	174,489	-
Interest and fees	26,871	-	-	231,086	-	159,761	36,337	-
Bad debts	21,867	-	-	2,860	-	-	1,455	-
Provision for impaired assets	492,692	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	523,560	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	23	-	220	-	-	310
Total expenses and losses	2,335,198	39,564	107,356	1,481,283	71,434	602,605	558,249	10,793
Excess (deficiency) of revenues over expenses	123,799	(34,009)	(2,811)	(464,233)	(50,900)	(74,055)	(146,330)	(1,053)
Net assets at beginning of year	3,898,690	429,884	1,374,806	10,561,602	(86,038)	(1,176,227)	1,170,046	(24,978)
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 4,022,489	\$ 395,875	\$ 1,371,995	\$ 10,097,369	\$ (136,938)	\$ (1,250,282)	\$ 1,023,716	\$ (26,031)

Mercy Housing Mountain Plains
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing Colorado VI, LTD. (Merced de las Animas)	MHMP CO GP, Inc.	Mercy Bond Properties Colorado I (Franconia LLC)	Consolidated Mercy Housing Midwest	Consolidated Mercy Housing Southwest	Eliminations	Consolidated Mercy Housing Mountain Plains
Revenues							
Rent - net of vacancies	\$ 428,286	\$ -	\$ 257,999	\$ 3,592,182	\$ 3,925,485	\$ -	\$ 10,014,665
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	50,004	(437,413)	153,829
Philanthropy	-	-	-	53,707	359,057	-	1,155,579
Capital grants	-	-	-	-	-	-	14,000
Consulting	-	-	-	-	-	-	-
Interest	352	-	324	3,032	22,141	(201,239)	325,132
Other	14,072	-	18,518	91,541	558,574	(795,601)	834,706
Total revenues	442,710	-	276,841	3,740,462	4,915,261	(1,434,253)	12,497,911
Expenses and losses							
Compensation	97,577	-	30,922	1,007,674	1,340,857	-	3,713,917
Administrative	64,983	30	38,361	633,153	714,944	(134,818)	2,004,304
Professional services	28,182	3,144	5,094	88,508	351,719	(302,595)	463,739
Depreciation and amortization	251,410	-	53,760	1,342,796	1,084,167	(9,310)	3,655,825
Grants	-	-	762,479	1,827	72,449	(762,479)	118,767
Facility	133,422	-	75,865	1,523,462	1,469,454	-	3,719,925
Interest and fees	175,625	-	168,770	464,512	247,569	(201,013)	1,309,518
Bad debts	1,452	-	213	50,370	22,495	(150)	100,562
Provision for impaired assets	-	-	-	1,272	21,079	(193,770)	321,273
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	254,040	306,912	-	1,084,512
(Gain) loss on sale of assets	-	-	(334,757)	-	29,480	-	(305,277)
(Gain) loss on investment in limited partnership	-	10	-	-	-	(554)	9
Total expenses and losses	752,651	3,184	800,707	5,367,614	5,661,125	(1,604,689)	16,187,074
Excess (deficiency) of revenues over expenses	(309,941)	(3,184)	(523,866)	(1,627,152)	(745,864)	170,436	(3,689,163)
Net assets at beginning of year	425,136	(2,991)	-	17,077,716	13,722,360	2,059,984	49,429,990
Other transfers to (from) net assets	-	-	1,054,217	-	-	-	1,054,217
Net assets at end of year	\$ 115,195	\$ (6,175)	\$ 530,351	\$ 15,450,564	\$ 12,976,496	\$ 2,230,420	\$ 46,795,044

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ -	\$ 61	\$ 85,452	\$ 7,136	\$ -	\$ 119,437	\$ 237,823
Cash, tenant security deposits	-	804	35,914	22,464	-	20,278	45,498
Cash, restricted	420,870	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	3,583	1,430	6,875	885	-	3,424	117,009
Due from affiliate, net	192,390	-	-	-	-	4,449	-
Pledges receivable, net	2,546	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	2,797	-	-	-	-	-	-
Prepaid expenses and other assets	5,675	3,490	34,157	12,896	-	10,713	32,346
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	627,861	5,785	162,398	43,381	-	158,301	432,676
Property and equipment							
Land and land improvements	-	30,770	1,281,713	-	-	540,239	1,953,413
Buildings	-	471,180	7,363,412	4,718,907	-	4,168,568	11,080,384
Furniture and equipment	18,169	42,168	295,785	33,133	-	28,232	48,299
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(18,169)	(461,331)	(3,706,844)	(1,229,768)	-	(605,697)	(1,680,346)
Net property and equipment	-	82,787	5,234,066	3,522,272	-	4,131,342	11,401,750
Other long-term assets							
Restricted property reserves	-	30,117	299,268	169,425	-	481,601	966,362
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	149	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	772,691	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	250,442	-	-	84,287	166,748
Total other long-term assets	149	30,117	549,710	169,425	772,691	565,888	1,133,110
Total assets	\$ 628,010	\$ 118,689	\$ 5,946,174	\$ 3,735,078	\$ 772,691	\$ 4,855,531	\$ 12,967,536

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 29,431	\$ 12,633	\$ 166,086	\$ 31,674	\$ -	\$ 59,211	\$ 121,605
Due to affiliates	89,108	143,620	820,901	-	4,140	144,493	132,343
Accrued interest	-	1,887	20,536	-	-	-	8,991
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	9,407	105,686	-	-	-	34,770
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	9,884	3,685	-	966	11,307
Tenant security deposits	-	304	35,609	21,964	-	19,933	44,844
Total current liabilities	118,539	167,851	1,158,702	57,323	4,140	224,603	353,860
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	21,432	-	541,950	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	175,708	872,394
Notes payable, less current portion, net	147,500	242,162	8,204,208	-	-	926,956	2,041,346
Notes payable, less current portion, affiliates	-	-	-	-	-	1,465,000	4,910,051
Deferred revenue and other liabilities	-	-	-	-	-	129,281	-
Total long-term liabilities	168,932	242,162	8,746,158	-	-	2,696,945	7,823,791
Total liabilities	287,471	410,013	9,904,860	57,323	4,140	2,921,548	8,177,651
Net assets							
Unrestricted net assets, controlling	(68,141)	(291,324)	(3,958,686)	326,523	768,551	1,933,983	4,789,885
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(68,141)	(291,324)	(3,958,686)	326,523	768,551	1,933,983	4,789,885
Temporarily restricted net assets	408,680	-	-	3,351,232	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	340,539	(291,324)	(3,958,686)	3,677,755	768,551	1,933,983	4,789,885
Total liabilities and net assets	\$ 628,010	\$ 118,689	\$ 5,946,174	\$ 3,735,078	\$ 772,691	\$ 4,855,531	\$ 12,967,536

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2014

	Western Manor, LP	Mercy Housing Nebraska I, LTD (Capital Corners)	Eliminations	Consolidated Mercy Housing Midwest
Assets				
Current assets				
Cash and cash equivalents	\$ 200,791	\$ -	\$ -	\$ 650,700
Cash, tenant security deposits	15,079	-	-	140,037
Cash, restricted	-	-	-	420,870
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	4,262	-	-	137,468
Due from affiliate, net	-	-	(4,390)	192,449
Pledges receivable, net	-	-	-	2,546
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	2,797
Prepaid expenses and other assets	17,876	-	-	117,153
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>238,008</u>	<u>-</u>	<u>(4,390)</u>	<u>1,664,020</u>
Property and equipment				
Land and land improvements	431,009	-	(2,076,803)	2,160,341
Buildings	5,915,757	-	(1,205,268)	32,512,940
Furniture and equipment	39,150	-	-	504,936
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	<u>(812,640)</u>	<u>-</u>	<u>136,962</u>	<u>(8,377,833)</u>
Net property and equipment	<u>5,573,276</u>	<u>-</u>	<u>(3,145,109)</u>	<u>26,800,384</u>
Other long-term assets				
Restricted property reserves	431,822	-	-	2,378,595
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	149
Investments in limited partnerships, net	-	-	(772,691)	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	<u>115,541</u>	<u>-</u>	<u>-</u>	<u>617,018</u>
Total other long-term assets	<u>547,363</u>	<u>-</u>	<u>(772,691)</u>	<u>2,995,762</u>
Total assets	<u>\$ 6,358,647</u>	<u>\$ -</u>	<u>\$ (3,922,190)</u>	<u>\$ 31,460,166</u>

Mercy Housing Midwest
Consolidating Statement of Financial Position
December 31, 2014

	Western Manor, LP	Mercy Housing Nebraska I, LTD (Capital Corners)	Eliminations	Consolidated Mercy Housing Midwest
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 67,428	\$ -	\$ -	\$ 488,068
Due to affiliates	-	-	(4,390)	1,330,215
Accrued interest	3,160	-	-	34,574
Accrued interest, affiliates	225	-	-	225
Current portion of notes payable	12,187	-	-	162,050
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	4,427	-	-	30,269
Tenant security deposits	14,595	-	-	137,249
Total current liabilities	102,022	-	(4,390)	2,182,650
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	-	-	563,382
Accrued interest, affiliates	253,985	-	(1,302,087)	-
Notes payable, less current portion, net	1,287,117	-	-	12,849,289
Notes payable, less current portion, affiliates	1,890,000	-	(7,980,051)	285,000
Deferred revenue and other liabilities	-	-	-	129,281
Total long-term liabilities	3,431,102	-	(9,282,138)	13,826,952
Total liabilities	3,533,124	-	(9,286,528)	16,009,602
Net assets				
Unrestricted net assets, controlling	2,825,523	-	5,364,338	11,690,652
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	2,825,523	-	5,364,338	11,690,652
Temporarily restricted net assets	-	-	-	3,759,912
Permanently restricted net assets	-	-	-	-
Total net assets	2,825,523	-	5,364,338	15,450,564
Total liabilities and net assets	\$ 6,358,647	\$ -	\$ (3,922,190)	\$ 31,460,166

Mercy Housing Midwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ -	\$ -	\$ 1,209,087	\$ 266,126	\$ -	\$ 380,848	\$ 1,172,540
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	53,707	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	332,773	14	71	52	-	226	889
Other	3,886	-	33,451	9,966	-	23,143	10,106
Total revenues	<u>390,366</u>	<u>14</u>	<u>1,242,609</u>	<u>276,144</u>	<u>-</u>	<u>404,217</u>	<u>1,183,535</u>
Expenses and losses							
Compensation	318,598	9,353	191,944	85,079	-	81,662	221,517
Administrative	51,344	4,870	193,657	55,122	-	76,606	169,537
Professional services	7,176	6,865	21,317	10,765	678	11,414	15,516
Depreciation and amortization	-	17,928	293,795	191,529	-	175,387	471,447
Grants	1,827	-	-	-	-	-	-
Facility	567	40,280	606,591	115,942	-	173,909	399,427
Interest and fees	2,454	23,139	294,077	51	-	42,525	318,055
Bad debts	27,131	-	12,239	-	-	742	8,787
Provision for impaired assets	311,825	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	254,040	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	74	-	-
Total expenses and losses	<u>974,962</u>	<u>102,435</u>	<u>1,613,620</u>	<u>458,488</u>	<u>752</u>	<u>562,245</u>	<u>1,604,286</u>
Excess (deficiency) of revenues over expenses	(584,596)	(102,421)	(371,011)	(182,344)	(752)	(158,028)	(420,751)
Net assets at beginning of year	925,135	(188,903)	(3,587,675)	3,860,099	769,303	2,092,011	5,210,636
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 340,539</u>	<u>\$ (291,324)</u>	<u>\$ (3,958,686)</u>	<u>\$ 3,677,755</u>	<u>\$ 768,551</u>	<u>\$ 1,933,983</u>	<u>\$ 4,789,885</u>

Mercy Housing Midwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Western Manor, LP	Mercy Housing Nebraska I, LTD (Capital Corners)	Eliminations	Consolidated Mercy Housing Midwest
Revenues				
Rent - net of vacancies	\$ 563,581	\$ -	\$ -	\$ 3,592,182
Developer fees	-	-	-	-
Services fees	-	-	-	-
Philanthropy	-	-	-	53,707
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	219	-	(331,212)	3,032
Other	14,875	-	(3,886)	91,541
Total revenues	<u>578,675</u>	<u>-</u>	<u>(335,098)</u>	<u>3,740,462</u>
Expenses and losses				
Compensation	99,521	-	-	1,007,674
Administrative	82,016	-	1	633,153
Professional services	14,777	-	-	88,508
Depreciation and amortization	236,538	-	(43,828)	1,342,796
Grants	-	-	-	1,827
Facility	186,746	-	-	1,523,462
Interest and fees	119,093	-	(334,882)	464,512
Bad debts	1,471	-	-	50,370
Provision for impaired assets	-	-	(310,553)	1,272
Project expenses	-	-	-	-
Allocation	-	-	-	254,040
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	(74)	-
Total expenses and losses	<u>740,162</u>	<u>-</u>	<u>(689,336)</u>	<u>5,367,614</u>
Excess (deficiency) of revenues over expenses	(161,487)	-	354,238	(1,627,152)
Net assets at beginning of year	2,987,010	-	5,010,100	17,077,716
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 2,825,523</u>	<u>\$ -</u>	<u>\$ 5,364,338</u>	<u>\$ 15,450,564</u>

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 300	\$ 2,036	\$ 24,477	\$ 6,876	\$ 2,704	\$ 434,192	\$ 8,968	\$ 2,539
Cash, tenant security deposits	-	9,553	1,724	9,096	5,255	16,356	12,354	10,608
Cash, restricted	122,263	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	1,800	-	45	-	8,323	15,791	184	-
Due from affiliate, net	96,049	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	26,553	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	146,791	-	-	-	-	-	-	-
Prepaid expenses and other assets	5,351	9,900	2,033	9,671	5,953	41,486	9,523	17,526
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	399,107	21,489	28,279	25,643	22,235	507,825	31,029	30,673
Property and equipment								
Land and land improvements	-	139,772	51,954	119,815	92,256	378,355	77,415	526,647
Buildings	-	2,417,665	460,058	2,115,349	1,281,187	7,509,976	2,057,268	2,584,935
Furniture and equipment	-	110,170	5,570	101,822	65,924	630,200	143,376	256,226
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,195,194)	(228,241)	(1,368,937)	(938,382)	(5,332,097)	(1,327,915)	(1,589,813)
Net property and equipment	-	1,472,413	289,341	968,049	500,985	3,186,434	950,144	1,777,995
Other long-term assets								
Restricted property reserves	-	61,363	15,837	104,760	71,111	977,180	83,695	246,692
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	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	26,401	-	-
Total other long-term assets	11,805	61,363	15,837	104,760	71,111	1,003,581	83,695	246,692
Total assets	\$ 410,912	\$ 1,555,265	\$ 333,457	\$ 1,098,452	\$ 594,331	\$ 4,697,840	\$ 1,064,868	\$ 2,055,360

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 40,314	\$ 30,128	\$ 11,695	\$ 85,725	\$ 27,597	\$ 124,211	\$ 41,089	\$ 76,891
Due to affiliates	2,440,916	19,604	22,243	35,886	68,910	-	-	-
Accrued interest	-	-	-	-	-	8,764	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	50,122	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	282	399	119	1,566	9,143	706	5,605
Tenant security deposits	-	9,091	971	8,754	5,106	21,729	10,963	10,079
Total current liabilities	2,481,230	59,105	35,308	130,484	103,179	213,969	52,758	92,575
Long-term liabilities								
Due to affiliates	-	-	-	-	-	34,949	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	1,474,063	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	7,614	-	-
Total long-term liabilities	-	-	-	-	-	1,516,626	-	-
Total liabilities	2,481,230	59,105	35,308	130,484	103,179	1,730,595	52,758	92,575
Net assets								
Unrestricted net assets, controlling	(2,244,882)	(134,098)	8,790	(230,484)	(232,257)	2,655,685	(260,708)	1,947,507
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(2,244,882)	(134,098)	8,790	(230,484)	(232,257)	2,655,685	(260,708)	1,947,507
Temporarily restricted net assets	174,564	1,630,258	289,359	1,198,452	723,409	311,560	1,272,818	15,278
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(2,070,318)	1,496,160	298,149	967,968	491,152	2,967,245	1,012,110	1,962,785
Total liabilities and net assets	\$ 410,912	\$ 1,555,265	\$ 333,457	\$ 1,098,452	\$ 594,331	\$ 4,697,840	\$ 1,064,868	\$ 2,055,360

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 5,330	\$ 5,326	\$ 4,987	\$ 170	\$ 935	\$ 13,238	\$ -	\$ 512,078
Cash, tenant security deposits	11,552	5,335	3,013	4,900	16,841	2,455	-	109,042
Cash, restricted	-	-	-	-	-	-	-	122,263
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	171	1,299	1,565	-	258	(3,769)	25,667
Due from affiliate, net	-	-	69	6,879	-	-	(6,997)	96,000
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	26,553
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	(146,791)	-
Prepaid expenses and other assets	9,555	4,782	3,305	6,078	12,878	2,912	-	140,953
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	26,437	15,614	12,673	19,592	30,654	18,863	(157,557)	1,032,556
Property and equipment								
Land and land improvements	192,606	45,000	72,820	55,045	211,466	50,833	-	2,013,984
Buildings	2,170,698	1,159,094	1,008,813	1,585,490	3,529,164	1,275,061	(483,387)	28,671,371
Furniture and equipment	100,560	49,045	34,583	70,057	145,677	25,412	-	1,738,622
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(1,231,293)	(696,085)	(478,802)	(1,137,948)	(1,751,945)	(734,055)	249,691	(17,761,016)
Net property and equipment	1,232,571	557,054	637,414	572,644	2,134,362	617,251	(233,696)	14,662,961
Other long-term assets								
Restricted property reserves	135,192	38,660	25,233	47,021	136,701	54,675	-	1,998,120
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	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-	26,401
Total other long-term assets	135,192	38,660	25,233	47,021	136,701	54,675	(11,785)	2,024,541
Total assets	\$ 1,394,200	\$ 611,328	\$ 675,320	\$ 639,257	\$ 2,301,717	\$ 690,789	\$ (403,038)	\$ 17,720,058

Mercy Housing Southwest
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 48,203	\$ 18,769	\$ 14,010	\$ 23,775	\$ 49,820	\$ 20,829	\$ (21,844)	\$ 591,212
Due to affiliates	17,672	-	35,402	66,312	-	-	(266,029)	2,440,916
Accrued interest	-	-	-	-	-	-	-	8,764
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	-	50,122
Current portion of notes payable, affiliates	-	-	-	20,000	-	-	(20,000)	-
Deferred revenue and other liabilities	3,283	27	913	3,192	2,814	107	(1)	28,155
Tenant security deposits	10,770	4,859	2,287	4,553	16,636	1,969	-	107,767
Total current liabilities	79,928	23,655	52,612	117,832	69,270	22,905	(307,874)	3,226,936
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	34,949
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	-	-	1,474,063
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-	7,614
Total long-term liabilities	-	-	-	-	-	-	-	1,516,626
Total liabilities	79,928	23,655	52,612	117,832	69,270	22,905	(307,874)	4,743,562
Net assets								
Unrestricted net assets, controlling	(44,283)	(127,474)	(57,768)	(282,449)	(149,404)	32,496	(95,164)	785,507
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(44,283)	(127,474)	(57,768)	(282,449)	(149,404)	32,496	(95,164)	785,507
Temporarily restricted net assets	1,358,555	715,147	680,476	803,874	2,381,851	635,388	-	12,190,989
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,314,272	587,673	622,708	521,425	2,232,447	667,884	(95,164)	12,976,496
Total liabilities and net assets	\$ 1,394,200	\$ 611,328	\$ 675,320	\$ 639,257	\$ 2,301,717	\$ 690,789	\$ (403,038)	\$ 17,720,058

Mercy Housing Southwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ -	\$ 240,911	\$ 63,304	\$ 239,228	\$ 171,889	\$ 1,467,464	\$ 208,233	\$ 549,709
Developer fees	-	-	-	-	-	-	-	-
Services fees	50,004	-	-	-	-	-	-	-
Philanthropy	359,057	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	21,079	29	4	72	31	625	41	60
Other	506,552	1,302	76	1,440	1,351	40,692	1,393	7,202
Total revenues	<u>936,692</u>	<u>242,242</u>	<u>63,384</u>	<u>240,740</u>	<u>173,271</u>	<u>1,508,781</u>	<u>209,667</u>	<u>556,971</u>
Expenses and losses								
Compensation	266,319	112,204	16,602	86,636	57,196	284,457	88,579	83,015
Administrative	82,892	30,186	7,471	32,474	26,339	228,935	30,023	126,042
Professional services	13,525	9,315	8,365	9,315	9,475	197,106	9,315	36,241
Depreciation and amortization	-	90,227	17,414	76,377	47,424	277,401	78,670	118,536
Grants	72,449	-	-	-	-	-	-	-
Facility	613	63,958	19,052	88,421	72,076	403,286	86,154	344,842
Interest and fees	135,922	67	-	396	-	109,423	-	1,295
Bad debts	8,001	11	-	75	2,134	8,674	-	2,427
Provision for impaired assets	21,079	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	306,912	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	12,142	-	17,338
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	<u>907,712</u>	<u>305,968</u>	<u>68,904</u>	<u>293,694</u>	<u>214,644</u>	<u>1,521,424</u>	<u>292,741</u>	<u>729,736</u>
Excess (deficiency) of revenues over expenses	28,980	(63,726)	(5,520)	(52,954)	(41,373)	(12,643)	(83,074)	(172,765)
Net assets at beginning of year	(2,099,298)	1,559,886	303,669	1,020,922	532,525	2,979,888	1,095,184	2,135,550
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ (2,070,318)</u>	<u>\$ 1,496,160</u>	<u>\$ 298,149</u>	<u>\$ 967,968</u>	<u>\$ 491,152</u>	<u>\$ 2,967,245</u>	<u>\$ 1,012,110</u>	<u>\$ 1,962,785</u>

Mercy Housing Southwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ 210,889	\$ 111,795	\$ 89,534	\$ 180,128	\$ 298,118	\$ 94,283	\$ -	\$ 3,925,485
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	50,004
Philanthropy	-	-	-	-	-	-	-	359,057
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	83	22	6	25	44	20	-	22,141
Other	1,436	1,011	1,499	835	3,369	1,940	(11,524)	558,574
Total revenues	212,408	112,828	91,039	180,988	301,531	96,243	(11,524)	4,915,261
Expenses and losses								
Compensation	96,340	36,930	26,035	66,966	87,809	31,769	-	1,340,857
Administrative	33,299	17,667	13,805	24,394	47,699	13,719	(1)	714,944
Professional services	9,315	9,165	10,327	9,955	10,765	9,535	-	351,719
Depreciation and amortization	79,660	42,374	36,669	60,253	130,581	46,158	(17,577)	1,084,167
Grants	-	-	-	-	-	-	-	72,449
Facility	75,877	57,306	31,145	69,268	118,931	38,525	-	1,469,454
Interest and fees	107	47	210	2	100	-	-	247,569
Bad debts	279	-	735	-	-	159	-	22,495
Provision for impaired assets	-	-	-	-	-	-	-	21,079
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	306,912
(Gain) loss on sale of assets	-	-	-	-	-	-	-	29,480
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	294,877	163,489	118,926	230,838	395,885	139,865	(17,578)	5,661,125
Excess (deficiency) of revenues over expenses	(82,469)	(50,661)	(27,887)	(49,850)	(94,354)	(43,622)	6,054	(745,864)
Net assets at beginning of year	1,396,741	638,334	650,595	571,275	2,326,801	711,506	(101,218)	13,722,360
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 1,314,272	\$ 587,673	\$ 622,708	\$ 521,425	\$ 2,232,447	\$ 667,884	\$ (95,164)	\$ 12,976,496

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 8,349,045	\$ -	\$ 40,270	\$ 87,305	\$ 25,001	\$ 64,342	\$ -
Cash, tenant security deposits	-	-	11,868	7,490	12,625	12,751	-
Cash, restricted	4,930,210	-	-	-	150	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	1,442,109	-	221	277	1,341	1,828	-
Due from affiliate, net	12,201,807	-	444	-	2	-	-
Pledges receivable, net	7,875	-	-	-	-	-	-
Grants receivable	209,416	-	-	-	-	-	-
Current portion of notes and interest receivable	55,551	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	4,325,901	-	-	-	-	-	-
Prepaid expenses and other assets	209,374	-	18,976	11,837	18,155	7,833	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>31,731,288</u>	<u>-</u>	<u>71,779</u>	<u>106,909</u>	<u>57,274</u>	<u>86,754</u>	<u>-</u>
Property and equipment							
Land and land improvements	1,044,500	-	164,430	389,000	20,827	323,400	-
Buildings	373,108	-	3,028,044	1,650,024	5,146,315	4,159,890	-
Furniture and equipment	48,326	-	391,210	102,194	19,879	92,485	-
Predevelopment project costs	4,304,207	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(342,197)</u>	<u>-</u>	<u>(1,967,611)</u>	<u>(1,733,041)</u>	<u>(1,833,304)</u>	<u>(2,466,111)</u>	<u>-</u>
Net property and equipment	<u>5,427,944</u>	<u>-</u>	<u>1,616,073</u>	<u>408,177</u>	<u>3,353,717</u>	<u>2,109,664</u>	<u>-</u>
Other long-term assets							
Restricted property reserves	614,375	-	1,422,479	1,179,662	114,894	126,988	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	3,169,655	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	571,139	330,810	-	-	-	-	-
Notes and interest receivable, net	3,468,777	-	-	-	-	-	-
Notes and interest receivable, affiliates	5,855,375	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>29,550</u>	<u>-</u>	<u>117,810</u>	<u>126,176</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other long-term assets	<u>13,708,871</u>	<u>330,810</u>	<u>1,540,289</u>	<u>1,305,838</u>	<u>114,894</u>	<u>126,988</u>	<u>-</u>
Total assets	<u>\$ 50,868,103</u>	<u>\$ 330,810</u>	<u>\$ 3,228,141</u>	<u>\$ 1,820,924</u>	<u>\$ 3,525,885</u>	<u>\$ 2,323,406</u>	<u>\$ -</u>

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2014

	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)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 1,197,857	\$ 249	\$ 307,481	\$ 139,639	\$ 27,751	\$ 22,642	\$ -
Due to affiliates	51,009	77,665	-	-	6,916	32,000	-
Accrued interest	31,381	-	15,744	8,743	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	382,074	-	53,038	25,766	-	-	-
Current portion of notes payable, affiliates	2,518,228	-	-	-	-	-	-
Deferred revenue and other liabilities	894,363	-	490	24	1,478	739	-
Tenant security deposits	-	-	12,396	6,990	12,641	12,251	-
Total current liabilities	5,074,912	77,914	389,149	181,162	48,786	67,632	-
Long-term liabilities							
Due to affiliates	60,000	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	4,052,353	-	3,574,556	1,889,937	-	-	-
Notes payable, less current portion, affiliates	464,136	-	-	-	-	-	-
Deferred revenue and other liabilities	2,844,914	-	-	-	1,305	1,189	-
Total long-term liabilities	7,421,403	-	3,574,556	1,889,937	1,305	1,189	-
Total liabilities	12,496,315	77,914	3,963,705	2,071,099	50,091	68,821	-
Net assets							
Unrestricted net assets, controlling	32,416,004	252,896	(735,564)	(250,175)	379,028	(477,362)	-
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	32,416,004	252,896	(735,564)	(250,175)	379,028	(477,362)	-
Temporarily restricted net assets	4,185,784	-	-	-	3,096,766	2,731,947	-
Permanently restricted net assets	1,770,000	-	-	-	-	-	-
Total net assets	38,371,788	252,896	(735,564)	(250,175)	3,475,794	2,254,585	-
Total liabilities and net assets	\$ 50,868,103	\$ 330,810	\$ 3,228,141	\$ 1,820,924	\$ 3,525,885	\$ 2,323,406	\$ -

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 219,935	\$ 4,152	\$ 67,574	\$ 45,062	\$ 122,335	\$ 205,684	\$ 71,268
Cash, tenant security deposits	33,697	13,038	25,091	21,572	-	34,927	6,495
Cash, restricted	29,326	10,487	11,723	300	1,049	-	150
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	15,126	1,264	-	48	-	1,170	-
Due from affiliate, net	-	6,677	-	-	-	-	75
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	49,675	12,435	38,037	22,577	-	8,626	6,026
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>347,759</u>	<u>48,053</u>	<u>142,425</u>	<u>89,559</u>	<u>123,384</u>	<u>250,407</u>	<u>84,014</u>
Property and equipment							
Land and land improvements	488,232	-	1,042,148	779,999	-	1,037,824	82,531
Buildings	5,207,858	4,632,810	13,581,567	5,902,910	-	1,266,603	3,777,015
Furniture and equipment	726,179	66,363	254,154	204,698	-	9,635	48,820
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(5,505,819)</u>	<u>(1,802,365)</u>	<u>(6,523,035)</u>	<u>(3,963,075)</u>	<u>-</u>	<u>(1,464,539)</u>	<u>(1,786,363)</u>
Net property and equipment	<u>916,450</u>	<u>2,896,808</u>	<u>8,354,834</u>	<u>2,924,532</u>	<u>-</u>	<u>849,523</u>	<u>2,122,003</u>
Other long-term assets							
Restricted property reserves	429,202	142,476	300,706	372,690	-	102,764	240,702
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	-	-	-	-	4,537,678	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	-
Total other long-term assets	<u>429,202</u>	<u>142,476</u>	<u>300,706</u>	<u>372,690</u>	<u>4,537,678</u>	<u>102,764</u>	<u>240,702</u>
Total assets	<u>\$ 1,693,411</u>	<u>\$ 3,087,337</u>	<u>\$ 8,797,965</u>	<u>\$ 3,386,781</u>	<u>\$ 4,661,062</u>	<u>\$ 1,202,694</u>	<u>\$ 2,446,719</u>

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 333,890	\$ 37,540	\$ 94,543	\$ 50,728	\$ -	\$ 26,537	\$ 23,637
Due to affiliates	-	-	10,000	-	-	14,380	8,019
Accrued interest	8,503	-	-	-	-	1,530	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	252,616	-	-	-	-	1,337,256	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	2,203	3,387	1,000	4	-	459	451
Tenant security deposits	33,547	12,177	24,605	21,908	-	33,934	5,571
Total current liabilities	630,759	53,104	130,148	72,640	-	1,414,096	37,678
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	442,683
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	1,231,626	-	-	-	-	(14,137)	1,060,319
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	1,231,626	-	-	-	-	(14,137)	1,503,002
Total liabilities	1,862,385	53,104	130,148	72,640	-	1,399,959	1,540,680
Net assets							
Unrestricted net assets, controlling	(168,974)	(553,232)	(1,067,613)	(203,193)	4,661,062	(197,265)	(958,980)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(168,974)	(553,232)	(1,067,613)	(203,193)	4,661,062	(197,265)	(958,980)
Temporarily restricted net assets	-	3,587,465	9,735,430	3,517,334	-	-	1,865,019
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(168,974)	3,034,233	8,667,817	3,314,141	4,661,062	(197,265)	906,039
Total liabilities and net assets	\$ 1,693,411	\$ 3,087,337	\$ 8,797,965	\$ 3,386,781	\$ 4,661,062	\$ 1,202,694	\$ 2,446,719

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 101,061	\$ 22,460	\$ 54,604	\$ 12,787	\$ 13,315	\$ 16,064	\$ 17,424
Cash, tenant security deposits	25,843	14,466	37,952	19,016	23,880	5,102	20,883
Cash, restricted	12,491	-	-	-	10,282	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	1,392	-	328	353	3	4,015	40
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	23,122	13,052	42,000	14,088	22,190	16,564	13,964
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>163,909</u>	<u>49,978</u>	<u>134,884</u>	<u>46,244</u>	<u>69,670</u>	<u>41,745</u>	<u>52,311</u>
Property and equipment							
Land and land improvements	2,000,000	400,000	1,797,674	242,906	1,180,289	561,834	-
Buildings	8,489,884	3,610,242	13,949,262	5,614,756	11,671,464	5,205,881	7,738,716
Furniture and equipment	259,893	168,222	305,034	381,927	31,415	46,690	76,895
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(5,540,092)</u>	<u>(2,643,242)</u>	<u>(7,445,960)</u>	<u>(3,754,519)</u>	<u>(3,120,208)</u>	<u>(1,387,233)</u>	<u>(2,420,236)</u>
Net property and equipment	<u>5,209,685</u>	<u>1,535,222</u>	<u>8,606,010</u>	<u>2,485,070</u>	<u>9,762,960</u>	<u>4,427,172</u>	<u>5,395,375</u>
Other long-term assets							
Restricted property reserves	206,037	176,505	1,108,334	152,620	536,640	1,043,033	215,764
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>-</u>	<u>2,469</u>	<u>-</u>	<u>1,725</u>	<u>32,171</u>	<u>10,518</u>	<u>25,461</u>
Total other long-term assets	<u>206,037</u>	<u>178,974</u>	<u>1,108,334</u>	<u>154,345</u>	<u>568,811</u>	<u>1,053,551</u>	<u>241,225</u>
Total assets	<u>\$ 5,579,631</u>	<u>\$ 1,764,174</u>	<u>\$ 9,849,228</u>	<u>\$ 2,685,659</u>	<u>\$ 10,401,441</u>	<u>\$ 5,522,468</u>	<u>\$ 5,688,911</u>

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 108,950	\$ 53,243	\$ 91,775	\$ 47,786	\$ 38,855	\$ 99,991	\$ 36,814
Due to affiliates	10,980	-	-	33,278	1,457,422	48,382	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	1,007	900	1,069	1,732	4,030	4,251	166
Tenant security deposits	25,343	13,941	37,453	18,869	23,363	4,297	20,496
Total current liabilities	146,280	68,084	130,297	101,665	1,639,059	156,921	67,476
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	749,924	-	180,855	-	819,302	49,751
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	-	-	-	4,245	-	-	-
Total long-term liabilities	-	1,369,924	-	542,329	-	4,047,904	549,751
Total liabilities	146,280	1,438,008	130,297	643,994	1,639,059	4,204,825	617,227
Net assets							
Unrestricted net assets, controlling	(563,620)	(1,459,896)	(466,208)	(1,309,912)	(946,840)	(197,682)	(679,955)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(563,620)	(1,459,896)	(466,208)	(1,309,912)	(946,840)	(197,682)	(679,955)
Temporarily restricted net assets	5,996,971	1,786,062	10,185,139	3,351,577	9,709,222	1,515,325	5,751,639
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	5,433,351	326,166	9,718,931	2,041,665	8,762,382	1,317,643	5,071,684
Total liabilities and net assets	\$ 5,579,631	\$ 1,764,174	\$ 9,849,228	\$ 2,685,659	\$ 10,401,441	\$ 5,522,468	\$ 5,688,911

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2014

	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)	Mercy Housing California Special Needs	Mercy Housing California 57, LP (1500 Page)
Assets							
Current assets							
Cash and cash equivalents	\$ 402,909	\$ 64,156	\$ 56,180	\$ -	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	4,576	54,925	-	-	-	-
Cash, restricted	-	-	5,954	-	2,241	-	112,164
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	2,126	1,667	-	-	-	-
Due from affiliate, net	-	51,489	-	-	-	-	-
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	10,943	2,772	34,991	-	-	-	293,453
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	413,852	125,119	153,717	-	2,241	-	405,617
Property and equipment							
Land and land improvements	-	211,256	438,540	-	-	-	-
Buildings	222,519	661,257	18,754,435	-	-	-	-
Furniture and equipment	-	1,941	384,663	-	-	-	-
Predevelopment project costs	-	-	-	-	-	-	1,137,167
Construction in progress	-	-	-	-	4,106,092	-	-
Accumulated depreciation	(113,126)	(315,075)	(1,274,378)	-	-	-	-
Net property and equipment	109,393	559,379	18,303,260	-	4,106,092	-	1,137,167
Other long-term assets							
Restricted property reserves	-	73,465	612,067	-	8,590	-	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	14,015	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	(77)	-	(26,181)	-	(4,633)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	461,165	-	130,046	-	449,323	-	239
Total other long-term assets	461,165	87,403	742,113	(26,181)	457,913	(4,633)	239
Total assets	\$ 984,410	\$ 771,901	\$ 19,199,090	\$ (26,181)	\$ 4,566,246	\$ (4,633)	\$ 1,543,023

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2014

	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)	Mercy Housing California Special Needs	Mercy Housing California 57, LP (1500 Page)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 325,352	\$ 5,663	\$ 83,014	\$ -	\$ 111,027	\$ 934	\$ 120,873
Due to affiliates	1,172,133	-	281,293	3,507	18,520	-	995,261
Accrued interest	-	133	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	1,016	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	10,261	-	997
Deferred revenue and other liabilities	25,626	136	1,019	-	-	-	1
Tenant security deposits	90,893	4,268	54,438	-	-	-	-
Total current liabilities	1,614,004	11,216	419,764	3,507	139,808	934	1,117,132
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	119,341	2,652,417	-	165,217	-	-
Accrued interest, affiliates	70,000	141,750	-	-	-	-	-
Notes payable, less current portion, net	-	226,301	7,298,754	-	3,903,492	-	430,525
Notes payable, less current portion, affiliates	100,000	180,000	-	-	-	-	-
Deferred revenue and other liabilities	320,325	-	156,353	-	29,550	-	-
Total long-term liabilities	490,325	667,392	10,107,524	-	4,098,259	-	430,525
Total liabilities	2,104,329	678,608	10,527,288	3,507	4,238,067	934	1,547,657
Net assets							
Unrestricted net assets, controlling	(1,119,919)	(15,551)	8,671,802	(29,688)	328,179	(5,567)	(4,634)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(1,119,919)	(15,551)	8,671,802	(29,688)	328,179	(5,567)	(4,634)
Temporarily restricted net assets	-	108,844	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(1,119,919)	93,293	8,671,802	(29,688)	328,179	(5,567)	(4,634)
Total liabilities and net assets	\$ 984,410	\$ 771,901	\$ 19,199,090	\$ (26,181)	\$ 4,566,246	\$ (4,633)	\$ 1,543,023

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Midtown Inc.	Consolidated Mercy Housing California Senior Properties	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Assets							
Current assets							
Cash and cash equivalents	\$ 5,429	\$ 827,253	\$ 3,561,473	\$ 553,267	\$ 379,718	\$ -	\$ 15,390,073
Cash, tenant security deposits	88,279	117,009	947,975	40,152	122,687	-	1,702,299
Cash, restricted	-	13,626	4,357,971	3,398	201	-	9,501,723
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	69,070	2,649	815,097	4,368	11,271	(19,360)	2,356,403
Due from affiliate, net	-	-	101,926	1,774,655	-	(9,844,660)	4,292,415
Pledges receivable, net	-	-	-	-	-	-	7,875
Grants receivable	-	-	-	-	-	-	209,416
Current portion of notes and interest receivable	-	-	-	-	-	-	55,551
Current portion of notes and interest receivable, affiliates	-	-	-	83,380	-	(4,277,984)	131,297
Prepaid expenses and other assets	16,602	134,319	1,388,025	27,084	51,968	(864,362)	1,644,326
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	179,380	1,094,856	11,172,467	2,486,304	565,845	(15,006,366)	35,291,378
Property and equipment							
Land and land improvements	-	2,096,947	45,042,820	5,739,209	1,500,524	-	66,584,890
Buildings	-	22,151,817	370,963,194	13,618,221	7,864,625	(12,459,728)	526,782,689
Furniture and equipment	-	679,493	11,613,234	165,798	3,781,859	-	19,861,007
Predevelopment project costs	-	-	6,398,767	-	-	-	11,840,141
Construction in progress	-	-	52,946,102	2,629,670	-	(391,431)	59,290,433
Accumulated depreciation	-	(5,939,272)	(37,070,922)	(7,948,712)	(7,506,552)	2,666,296	(113,200,691)
Net property and equipment	-	18,988,985	449,893,195	14,204,186	5,640,456	(10,184,863)	571,158,469
Other long-term assets							
Restricted property reserves	83,803	3,313,217	21,505,957	541,752	749,886	-	35,374,608
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	60,000	-	(3,022,666)	221,004
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	(7,186,589)	-	-	2,385,423	(3,930,108)
Notes and interest receivable, net	-	-	-	-	-	-	3,468,777
Notes and interest receivable, affiliates	-	-	-	-	-	(4,114,699)	6,278,354
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	593,670	12,896,569	196,923	152,873	(29,550)	15,197,138
Total other long-term assets	83,803	3,906,887	27,215,937	798,675	902,759	(4,781,492)	56,609,773
Total assets	\$ 263,183	\$ 23,990,728	\$ 488,281,599	\$ 17,489,165	\$ 7,109,060	\$ (29,972,721)	\$ 663,059,620

Mercy Housing California
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Midtown Inc.	Consolidated Mercy Housing California Senior Properties	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 174,248	\$ 732,728	\$ 13,221,068	\$ 139,905	\$ 234,719	\$ (104,377)	\$ 17,785,062
Due to affiliates	-	477,736	6,222,975	2,459,914	320,198	(12,895,464)	816,124
Accrued interest	-	343,380	369,214	465,216	16,770	-	1,260,614
Accrued interest, affiliates	-	-	-	48,032	-	-	48,032
Current portion of notes payable	-	527,758	44,099,708	62,778	99,592	-	46,841,602
Current portion of notes payable, affiliates	-	-	1,856,776	1,218,884	-	(3,118,858)	2,601,677
Deferred revenue and other liabilities	1,091	8,951	2,081,386	1,090	2,908	(688,058)	2,351,903
Tenant security deposits	87,844	114,423	944,654	48,036	124,595	-	1,788,933
Total current liabilities	263,183	2,204,976	68,795,781	4,443,855	798,782	(16,806,757)	73,493,947
Long-term liabilities							
Due to affiliates	-	-	-	-	-	(60,000)	-
Accrued interest	-	602,662	12,509,563	517,391	1,795,373	-	20,604,479
Accrued interest, affiliates	-	-	308,976	-	-	(378,976)	141,750
Notes payable, less current portion, net	-	21,464,171	274,898,073	6,291,480	7,453,366	-	338,466,647
Notes payable, less current portion, affiliates	-	-	7,430,381	585,129	-	(6,456,205)	2,303,441
Deferred revenue and other liabilities	-	92,834	22,260,385	-	11,137	(1,920,125)	23,802,112
Total long-term liabilities	-	22,159,667	317,407,378	7,394,000	9,259,876	(8,815,306)	385,318,429
Total liabilities	263,183	24,364,643	386,203,159	11,837,855	10,058,658	(25,622,063)	458,812,376
Net assets							
Unrestricted net assets, controlling	-	(373,915)	98,272,917	512,975	(2,949,598)	(4,350,658)	126,408,862
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	-	(373,915)	98,272,917	512,975	(2,949,598)	(4,350,658)	126,408,862
Temporarily restricted net assets	-	-	3,805,523	5,138,335	-	-	76,068,382
Permanently restricted net assets	-	-	-	-	-	-	1,770,000
Total net assets	-	(373,915)	102,078,440	5,651,310	(2,949,598)	(4,350,658)	204,247,244
Total liabilities and net assets	\$ 263,183	\$ 23,990,728	\$ 488,281,599	\$ 17,489,165	\$ 7,109,060	\$ (29,972,721)	\$ 663,059,620

Mercy Housing California
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ -	\$ -	\$ 838,802	\$ 367,071	\$ 314,626	\$ 274,536	\$ 39,935
Developer fees	7,572,838	-	-	-	-	-	-
Services fees	2,826,370	-	-	-	-	-	-
Philanthropy	1,570,782	-	-	-	-	-	-
Capital grants	236,970	-	-	-	-	-	-
Consulting	858,208	-	-	-	-	-	-
Interest	415,660	-	5,696	89	26	44	9
Other	2,963,202	-	3,773	4,864	8,907	6,116	52,190
Total revenues	16,444,030	-	848,271	372,024	323,559	280,696	92,134
Expenses and losses							
Compensation	7,248,156	-	237,592	59,945	134,932	85,209	8,349
Administrative	1,180,771	1,352	72,807	79,759	59,270	37,024	15,399
Professional services	306,536	888	16,833	17,237	9,315	44,319	(1,340)
Depreciation and amortization	25,098	-	76,590	7,751	188,542	151,052	30,894
Grants	1,621,966	-	1,100,000	-	-	-	3,313,258
Facility	325,752	-	125,728	98,296	102,526	86,553	40,767
Interest and fees	105,295	-	181,013	81,974	49	-	365
Bad debts	616,511	-	52	-	-	-	500
Provision for impaired assets	179,132	-	-	-	-	-	-
Project expenses	7,254	-	-	-	-	-	-
Allocation	2,134,270	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(10,341)	(7)	-	-	-	-	-
Total expenses and losses	13,740,400	2,233	1,810,615	344,962	494,634	404,157	3,408,192
Excess (deficiency) of revenues over expenses	2,703,630	(2,233)	(962,344)	27,062	(171,075)	(123,461)	(3,316,058)
Net assets at beginning of year	35,668,158	255,129	226,780	(277,237)	3,646,869	2,378,046	5,161,588
Other transfers to (from) net assets	-	-	-	-	-	-	(1,845,530)
Net assets at end of year	\$ 38,371,788	\$ 252,896	\$ (735,564)	\$ (250,175)	\$ 3,475,794	\$ 2,254,585	\$ -

Mercy Housing California
Consolidating Statement of Activities
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	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	\$ 1,723,633	\$ 227,426	\$ 900,666	\$ 502,256	\$ -	\$ 549,987	\$ 231,703
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	213	42	141	75	176,855	52	67
Other	19,028	3,035	12,839	4,557	99	10,245	2,223
Total revenues	<u>1,742,874</u>	<u>230,503</u>	<u>913,646</u>	<u>506,888</u>	<u>176,954</u>	<u>560,284</u>	<u>233,993</u>
Expenses and losses							
Compensation	593,738	102,977	453,042	237,910	-	47,685	70,640
Administrative	293,014	43,668	133,671	96,037	-	61,449	37,508
Professional services	15,248	11,815	23,655	15,264	-	10,294	9,465
Depreciation and amortization	103,187	173,601	518,395	222,452	-	148,828	137,235
Grants	-	-	-	-	205,000	-	-
Facility	359,056	73,131	205,159	165,390	-	182,448	70,379
Interest and fees	109,603	-	-	40	-	39,447	31,855
Bad debts	-	-	-	-	-	2,158	-
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>1,473,846</u>	<u>405,192</u>	<u>1,333,922</u>	<u>737,093</u>	<u>205,000</u>	<u>492,309</u>	<u>357,082</u>
Excess (deficiency) of revenues over expenses	269,028	(174,689)	(420,276)	(230,205)	(28,046)	67,975	(123,089)
Net assets at beginning of year	(438,002)	3,208,922	9,088,093	3,544,346	4,689,108	(223,396)	1,029,128
Other transfers to (from) net assets	-	-	-	-	-	(41,844)	-
Net assets at end of year	<u>\$ (168,974)</u>	<u>\$ 3,034,233</u>	<u>\$ 8,667,817</u>	<u>\$ 3,314,141</u>	<u>\$ 4,661,062</u>	<u>\$ (197,265)</u>	<u>\$ 906,039</u>

Mercy Housing California
Consolidating Statement of Activities
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	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	\$ 561,100	\$ 323,506	\$ 1,042,116	\$ 442,947	\$ 552,611	\$ 296,773	\$ 349,377
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	139,751	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	97	100	567	49	173	15,532	65
Other	5,945	3,668	9,392	6,880	7,817	72,623	6,546
Total revenues	<u>567,142</u>	<u>327,274</u>	<u>1,052,075</u>	<u>449,876</u>	<u>560,601</u>	<u>524,679</u>	<u>355,988</u>
Expenses and losses							
Compensation	226,533	131,572	481,252	151,812	176,278	240,569	116,716
Administrative	96,788	57,567	178,806	70,575	103,783	63,052	67,981
Professional services	16,315	9,315	12,444	10,765	10,935	29,016	39,355
Depreciation and amortization	319,010	136,050	524,668	289,744	463,608	148,984	284,248
Grants	-	-	-	-	-	-	-
Facility	160,742	142,635	312,109	157,049	199,437	96,889	126,358
Interest and fees	-	36,695	-	10,717	2,227	93,870	5,049
Bad debts	982	-	-	691	-	1,016	-
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>820,370</u>	<u>513,834</u>	<u>1,509,279</u>	<u>691,353</u>	<u>956,268</u>	<u>673,396</u>	<u>639,707</u>
Excess (deficiency) of revenues over expenses	(253,228)	(186,560)	(457,204)	(241,477)	(395,667)	(148,717)	(283,719)
Net assets at beginning of year	5,686,579	512,726	10,176,135	2,283,142	9,158,049	1,466,360	5,355,403
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 5,433,351</u>	<u>\$ 326,166</u>	<u>\$ 9,718,931</u>	<u>\$ 2,041,665</u>	<u>\$ 8,762,382</u>	<u>\$ 1,317,643</u>	<u>\$ 5,071,684</u>

Mercy Housing California
Consolidating Statement of Activities
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	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)	Mercy Housing California Special Needs	Mercy Housing California 57, LP (1500 Page)
Revenues							
Rent - net of vacancies	\$ 1,313,575	\$ 52,491	\$ 780,765	\$ -	\$ -	\$ -	\$ -
Developer fees	-	2,756	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	38	11	-	-	-	-
Other	134,479	105	4,262	-	-	-	-
Total revenues	<u>1,448,054</u>	<u>55,390</u>	<u>785,038</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses and losses							
Compensation	1,908	27,994	184,651	-	-	-	-
Administrative	83,948	5,761	160,704	19	5,467	-	34
Professional services	45,303	-	84,578	2,238	7,501	934	4,600
Depreciation and amortization	13,362	16,295	868,423	-	-	-	-
Grants	-	-	-	-	-	-	-
Facility	1,463,067	22,562	274,427	-	-	-	-
Interest and fees	52,545	24,769	291,273	-	-	-	-
Bad debts	1,347	145	-	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	54	-	12,967	-	4,633	-
Total expenses and losses	<u>1,661,480</u>	<u>97,580</u>	<u>1,864,056</u>	<u>15,224</u>	<u>12,968</u>	<u>5,567</u>	<u>4,634</u>
Excess (deficiency) of revenues over expenses	(213,426)	(42,190)	(1,079,018)	(15,224)	(12,968)	(5,567)	(4,634)
Net assets at beginning of year	(906,493)	135,483	459,562	(14,461)	(13,213)	-	-
Other transfers to (from) net assets	-	-	9,291,258	(3)	354,360	-	-
Net assets at end of year	<u>\$ (1,119,919)</u>	<u>\$ 93,293</u>	<u>\$ 8,671,802</u>	<u>\$ (29,688)</u>	<u>\$ 328,179</u>	<u>\$ (5,567)</u>	<u>\$ (4,634)</u>

Mercy Housing California
Consolidating Statement of Activities
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	Mercy Midtown Inc.	Consolidated Mercy Housing California Senior Properties	Consolidated Mercy Housing Calwest	Consolidated Mercy Properties California	Consolidated San Juan Housing Corporation	Eliminations	Consolidated Mercy Housing California
Revenues							
Rent - net of vacancies	\$ 1,079,817	\$ 5,113,398	\$ 12,225,919	\$ 697,925	\$ 1,311,328	\$ (118,169)	\$ 31,996,120
Developer fees	-	-	-	-	-	(244,685)	7,330,909
Services fees	-	-	25,749	-	-	(1,308,830)	1,543,289
Philanthropy	-	-	-	58,488	-	-	1,769,021
Capital grants	-	-	816,952	-	-	-	1,053,922
Consulting	-	-	-	-	-	(298,992)	559,216
Interest	53	11,636	133,616	750	401	(219,390)	542,667
Other	261,962	87,500	5,932,666	1,497,080	50,795	(4,634,735)	6,538,063
Total revenues	<u>1,341,832</u>	<u>5,212,534</u>	<u>19,134,902</u>	<u>2,254,243</u>	<u>1,362,524</u>	<u>(6,824,801)</u>	<u>51,333,207</u>
Expenses and losses							
Compensation	192,831	1,373,633	3,477,975	179,909	331,352	-	16,575,160
Administrative	205,546	686,342	3,849,465	271,544	214,931	(171,371)	8,062,671
Professional services	48,709	71,084	1,488,475	46,597	31,958	(1,149,542)	1,290,109
Depreciation and amortization	-	964,502	13,954,432	521,992	458,051	(429,604)	20,317,390
Grants	-	-	26,648	4,032	-	(4,329,499)	1,941,405
Facility	890,364	1,054,962	4,187,230	376,939	492,022	(225,280)	11,566,697
Interest and fees	83	1,249,813	4,616,829	369,137	317,621	(205,681)	7,414,588
Bad debts	4,299	294	49,809	1,956	1,099	(342,387)	338,472
Provision for impaired assets	-	-	-	100,359	-	(121,079)	158,412
Project expenses	-	-	-	-	-	-	7,254
Allocation	-	-	-	-	-	-	2,134,270
(Gain) loss on sale of assets	-	-	(3,937)	(141,778)	-	-	(145,715)
(Gain) loss on investment in limited partnership	-	-	1,082,833	-	-	(501,068)	589,071
Total expenses and losses	<u>1,341,832</u>	<u>5,400,630</u>	<u>32,729,759</u>	<u>1,730,687</u>	<u>1,847,034</u>	<u>(7,475,511)</u>	<u>70,249,784</u>
Excess (deficiency) of revenues over expenses	-	(188,096)	(13,594,857)	523,556	(484,510)	650,710	(18,916,577)
Net assets at beginning of year	-	(185,819)	55,677,925	5,127,754	(2,465,088)	(8,207,328)	152,204,248
Other transfers to (from) net assets	-	-	59,995,372	-	-	3,205,960	70,959,573
Net assets at end of year	<u>\$ -</u>	<u>\$ (373,915)</u>	<u>\$ 102,078,440</u>	<u>\$ 5,651,310</u>	<u>\$ (2,949,598)</u>	<u>\$ (4,350,658)</u>	<u>\$ 204,247,244</u>

Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2014

	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	Eliminations	Consolidated Mercy Housing California Senior Properties
Assets									
Current assets									
Cash and cash equivalents	\$ -	\$ 164,379	\$ 119,642	\$ 196,403	\$ 10,729	\$ 40,684	\$ 295,416	\$ -	\$ 827,253
Cash, tenant security deposits	-	25,297	35,424	8,734	6,939	15,553	25,062	-	117,009
Cash, restricted	7,579	-	5,947	100	-	-	-	-	13,626
Investments	-	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	224	-	1	-	45	2,379	-	2,649
Due from affiliate, net	-	-	-	-	-	-	6,387	(6,387)	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	23,756	46,538	10,249	8,608	17,963	27,205	-	134,319
Inventory	-	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-	-
Total current assets	7,579	213,656	207,551	215,487	26,276	74,245	356,449	(6,387)	1,094,856
Property and equipment									
Land and land improvements	-	370,690	605,180	19,791	184,924	575,836	340,526	-	2,096,947
Buildings	-	4,293,492	6,908,423	1,650,998	1,791,390	3,396,318	4,111,196	-	22,151,817
Furniture and equipment	-	160,597	231,283	22,891	67,043	12,064	185,615	-	679,493
Predevelopment project costs	-	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,253,992)	(1,769,968)	(381,891)	(505,323)	(905,443)	(1,122,655)	-	(5,939,272)
Net property and equipment	-	3,570,787	5,974,918	1,311,789	1,538,034	3,078,775	3,514,682	-	18,988,985
Other long-term assets									
Restricted property reserves	-	853,671	1,054,605	142,814	193,292	265,504	803,331	-	3,313,217
Long-term investments	-	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	95,283	-	-	-	-	-	-	(95,283)	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-	-
Other assets, net	-	117,450	114,043	106,837	42,387	11,298	201,655	-	593,670
Total other long-term assets	95,283	971,121	1,168,648	249,651	235,679	276,802	1,004,986	(95,283)	3,906,887
Total assets	\$ 102,862	\$ 4,755,564	\$ 7,351,117	\$ 1,776,927	\$ 1,799,989	\$ 3,429,822	\$ 4,876,117	\$ (101,670)	\$ 23,990,728

Mercy Housing California Senior Properties
Consolidating Statement of Financial Position
December 31, 2014

	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	Eliminations	Consolidated Mercy Housing California Senior Properties
Liabilities									
Current liabilities									
Accounts payable and accrued expenses	\$ -	\$ 291,720	\$ 117,278	\$ 171,677	\$ 45,502	\$ 54,518	\$ 52,033	\$ -	\$ 732,728
Due to affiliates	477,736	-	-	-	-	-	6,387	(6,387)	477,736
Accrued interest	-	81,936	115,371	28,674	21,733	40,201	55,465	-	343,380
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Current portion of notes payable	-	103,035	161,035	60,016	48,672	80,000	75,000	-	527,758
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	2,642	571	3,723	330	848	837	-	8,951
Tenant security deposits	-	25,099	34,907	8,379	6,744	15,103	24,191	-	114,423
Total current liabilities	477,736	504,432	429,162	272,469	122,981	190,670	213,913	(6,387)	2,204,976
Long-term liabilities									
Due to affiliates	-	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	602,662	-	-	602,662
Accrued interest, affiliates	-	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,477,568	7,083,416	2,060,150	1,637,590	2,955,447	3,250,000	-	21,464,171
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	88,424	-	-	4,410	-	92,834
Total long-term liabilities	-	4,477,568	7,083,416	2,148,574	1,637,590	3,558,109	3,254,410	-	22,159,667
Total liabilities	477,736	4,982,000	7,512,578	2,421,043	1,760,571	3,748,779	3,468,323	(6,387)	24,364,643
Net assets									
Unrestricted net assets, controlling	(374,874)	(226,436)	(161,461)	(644,116)	39,418	(318,957)	1,407,794	(95,283)	(373,915)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-	-
Total unrestricted net assets	(374,874)	(226,436)	(161,461)	(644,116)	39,418	(318,957)	1,407,794	(95,283)	(373,915)
Temporarily restricted net assets	-	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-	-
Total net assets	(374,874)	(226,436)	(161,461)	(644,116)	39,418	(318,957)	1,407,794	(95,283)	(373,915)
Total liabilities and net assets	\$ 102,862	\$ 4,755,564	\$ 7,351,117	\$ 1,776,927	\$ 1,799,989	\$ 3,429,822	\$ 4,876,117	\$ (101,670)	\$ 23,990,728

Mercy Housing California Senior Properties
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	Eliminations	Consolidated Mercy Housing California Senior Properties
Revenues									
Rent - net of vacancies	\$ -	\$ 1,032,639	\$ 1,756,924	\$ 584,082	\$ 298,946	\$ 584,714	\$ 856,093	\$ -	\$ 5,113,398
Developer fees	-	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-	-
Interest	-	357	7,297	51	62	78	3,791	-	11,636
Other	-	9,965	15,556	26,956	20,355	2,890	11,778	-	87,500
Total revenues	<u>-</u>	<u>1,042,961</u>	<u>1,779,777</u>	<u>611,089</u>	<u>319,363</u>	<u>587,682</u>	<u>871,662</u>	<u>-</u>	<u>5,212,534</u>
Expenses and losses									
Compensation	-	232,502	594,691	111,927	75,225	137,685	221,603	-	1,373,633
Administrative	-	140,586	165,945	184,776	34,154	67,439	93,442	-	686,342
Professional services	2,156	13,903	13,392	14,385	7,899	8,049	11,300	-	71,084
Depreciation and amortization	-	203,215	313,377	68,234	75,267	126,358	178,051	-	964,502
Grants	-	-	-	-	-	-	-	-	-
Facility	-	210,458	351,887	82,547	80,303	129,227	200,540	-	1,054,962
Interest and fees	-	271,171	426,892	107,262	82,560	164,866	197,062	-	1,249,813
Bad debts	-	294	-	-	-	-	-	-	294
Provision for impaired assets	-	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	184,080	-	-	-	-	-	-	(184,080)	-
Total expenses and losses	<u>186,236</u>	<u>1,072,129</u>	<u>1,866,184</u>	<u>569,131</u>	<u>355,408</u>	<u>633,624</u>	<u>901,998</u>	<u>(184,080)</u>	<u>5,400,630</u>
Excess (deficiency) of revenues over expenses	(186,236)	(29,168)	(86,407)	41,958	(36,045)	(45,942)	(30,336)	184,080	(188,096)
Net assets at beginning of year	(188,638)	(197,268)	(75,054)	(686,074)	75,463	(273,015)	1,438,130	(279,363)	(185,819)
Other transfers to (from) net assets	-	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ (374,874)</u>	<u>\$ (226,436)</u>	<u>\$ (161,461)</u>	<u>\$ (644,116)</u>	<u>\$ 39,418</u>	<u>\$ (318,957)</u>	<u>\$ 1,407,794</u>	<u>\$ (95,283)</u>	<u>\$ (373,915)</u>

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	Mercy Housing Calwest	Mercy Housing California XXXIX, LP (Gleason Park)	Mercy Housing California XL, LP (Arlington Hotel)	Mercy Housing California XXXVIII, LP (East Leland Courts)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1000 Fourth Street)	Third and LeConte Associates LP (Bayview Hill Gardens)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 22,033	\$ 523,352	\$ 95,186	\$ 105,903	\$ 236,854	\$ 285,995
Cash, tenant security deposits	-	57,636	43,488	54,677	13,542	116,986	17,831
Cash, restricted	555,523	25,031	12,699	-	191,847	468,030	107,521
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	7,812	56,129	8,978	5,739	43,123	120,983
Due from affiliate, net	458,262	-	1,715	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	23,465	30,527	27,615	17,790	8,990	154,916
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>1,013,785</u>	<u>135,977</u>	<u>667,910</u>	<u>186,456</u>	<u>334,821</u>	<u>873,983</u>	<u>687,246</u>
Property and equipment							
Land and land improvements	-	1,065,441	3,965,490	2,746,456	3,090,021	1,772,645	2,416,056
Buildings	-	19,949,426	35,655,447	19,453,560	13,825,757	65,916,710	28,600,873
Furniture and equipment	-	180,032	2,020,902	328,474	826,481	2,673,574	975,545
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,977,634)	(4,393,091)	(5,368,940)	(2,671,616)	(686,204)	(1,637,897)
Net property and equipment	<u>-</u>	<u>18,217,265</u>	<u>37,248,748</u>	<u>17,159,550</u>	<u>15,070,643</u>	<u>69,676,725</u>	<u>30,354,577</u>
Other long-term assets							
Restricted property reserves	-	1,088,238	2,457,606	419,904	4,086,713	443,211	519,623
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	(12,399,750)	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	1,217,502	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	184,979	344,191	243,112	219,147	329,887	134,024
Total other long-term assets	<u>(11,182,248)</u>	<u>1,273,217</u>	<u>2,801,797</u>	<u>663,016</u>	<u>4,305,860</u>	<u>773,098</u>	<u>653,647</u>
Total assets	<u>\$ (10,168,463)</u>	<u>\$ 19,626,459</u>	<u>\$ 40,718,455</u>	<u>\$ 18,009,022</u>	<u>\$ 19,711,324</u>	<u>\$ 71,323,806</u>	<u>\$ 31,695,470</u>

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	Mercy Housing Calwest	Mercy Housing California XXXIX, LP (Gleason Park)	Mercy Housing California XL, LP (Arlington Hotel)	Mercy Housing California XXXVIII, LP (East Leland Courts)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1000 Fourth Street)	Third and LeConte Associates LP (Bayview Hill Gardens)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 45,465	\$ 138,138	\$ 38,787	\$ 90,461	\$ 2,494,534	\$ 274,940
Due to affiliates	603,057	20,000	31,620	24,882	31,364	1,478,502	151,900
Accrued interest	-	-	-	3,836	-	47,288	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	34,067	-	36,132,724	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	357	208,186	3,957	521,916	451,502	209,724
Tenant security deposits	-	55,794	43,031	54,677	13,042	131,393	16,603
Total current liabilities	603,057	121,616	420,975	160,206	656,783	40,735,943	653,167
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	1,383,099	1,043,729	332,620	272,029	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	1,380,000	21,358,944	33,712,519	11,867,411	10,875,825	28,890,318	18,152,340
Notes payable, less current portion, affiliates	1,139,500	1,201,238	-	-	-	-	-
Deferred revenue and other liabilities	-	-	10,445,774	119,353	9,017,782	-	-
Total long-term liabilities	2,519,500	22,560,182	45,541,392	13,030,493	20,226,227	29,162,347	18,152,340
Total liabilities	3,122,557	22,681,798	45,962,367	13,190,699	20,883,010	69,898,290	18,805,507
Net assets							
Unrestricted net assets, controlling	(13,846,543)	(3,055,339)	(5,243,912)	4,818,323	(1,171,686)	1,425,516	12,889,963
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(13,846,543)	(3,055,339)	(5,243,912)	4,818,323	(1,171,686)	1,425,516	12,889,963
Temporarily restricted net assets	555,523	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(13,291,020)	(3,055,339)	(5,243,912)	4,818,323	(1,171,686)	1,425,516	12,889,963
Total liabilities and net assets	\$ (10,168,463)	\$ 19,626,459	\$ 40,718,455	\$ 18,009,022	\$ 19,711,324	\$ 71,323,806	\$ 31,695,470

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	Caroline Severance LLC	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)	Mercy Housing California 52,LP (School House Station-Vista Grande)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 332,819	\$ -	\$ 102,017	\$ -	\$ 56,170	\$ 199,581
Cash, tenant security deposits	-	83,518	-	56,591	-	45,163	74,212
Cash, restricted	-	50,524	-	942,228	-	48,028	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	123,087	-	31,193	-	11,198	153,443
Due from affiliate, net	8,800	12,268	30,450	8,251	45,000	1,674	8,926
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	-	118,284	-	42,393	-	27,967	25,987
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	8,800	720,500	30,450	1,182,673	45,000	190,200	462,149
Property and equipment							
Land and land improvements	-	3,760,984	-	4,434,686	-	-	12,714
Buildings	-	26,941,793	-	35,839,189	-	11,256,363	20,488,783
Furniture and equipment	-	458,143	-	896,879	-	281,969	161,770
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(1,065,557)	-	(3,124,755)	-	(1,170,754)	(1,253,331)
Net property and equipment	-	30,095,363	-	38,045,999	-	10,367,578	19,409,936
Other long-term assets							
Restricted property reserves	-	-	-	3,897,980	-	1,358,042	466,914
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	(5,675)	-	14,206,774	-	29,375	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	289,757	-	190,516	-	1,144,321	236,633
Total other long-term assets	(5,675)	289,757	14,206,774	4,088,496	29,375	2,502,363	703,547
Total assets	\$ 3,125	\$ 31,105,620	\$ 14,237,224	\$ 43,317,168	\$ 74,375	\$ 13,060,141	\$ 20,575,632

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	Caroline Severance LLC	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)	Mercy Housing California 52,LP (School House Station-Vista Grande)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 52,625	\$ -	\$ 244,637	\$ -	\$ 228,576	\$ 78,050
Due to affiliates	13,657	525,756	52,943	4,616	54,170	-	81,379
Accrued interest	-	6,005	-	239,539	-	-	28,383
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	3,085,313	-	-	-	-	96,245
Current portion of notes payable, affiliates	-	405,269	-	-	-	-	155,797
Deferred revenue and other liabilities	-	44,911	-	5,785	-	315	1,154
Tenant security deposits	-	82,326	-	51,265	-	44,663	73,712
Total current liabilities	13,657	4,202,205	52,943	545,842	54,170	273,554	514,720
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	885,817	-	-	-	435,664	466,778
Accrued interest, affiliates	-	-	-	-	-	-	308,976
Notes payable, less current portion, net	-	14,284,168	-	11,000,000	-	9,134,371	8,309,246
Notes payable, less current portion, affiliates	-	-	-	-	-	-	4,452,969
Deferred revenue and other liabilities	-	265,105	-	-	-	2,664	558,053
Total long-term liabilities	-	15,435,090	-	11,000,000	-	9,572,699	14,096,022
Total liabilities	13,657	19,637,295	52,943	11,545,842	54,170	9,846,253	14,610,742
Net assets							
Unrestricted net assets, controlling	(10,532)	11,468,325	10,934,281	31,771,326	20,205	3,213,888	5,964,890
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(10,532)	11,468,325	10,934,281	31,771,326	20,205	3,213,888	5,964,890
Temporarily restricted net assets	-	-	3,250,000	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(10,532)	11,468,325	14,184,281	31,771,326	20,205	3,213,888	5,964,890
Total liabilities and net assets	\$ 3,125	\$ 31,105,620	\$ 14,237,224	\$ 43,317,168	\$ 74,375	\$ 13,060,141	\$ 20,575,632

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	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)	Mercy Housing California 56, LP (Jefferson Park Terrace)
Assets							
Current assets							
Cash and cash equivalents	\$ 962	\$ 6,692	\$ -	\$ 9,921	\$ -	\$ 25,841	\$ 172,891
Cash, tenant security deposits	-	-	-	25,746	-	25,984	28,862
Cash, restricted	118,825	-	-	66,715	-	48,607	12,648
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	6,069	-	10,696	51,222
Due from affiliate, net	49	-	13,458	-	12,042	-	3,016
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	-	308,687	-	8,671	-	12,449	3,896
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>119,836</u>	<u>315,379</u>	<u>13,458</u>	<u>117,122</u>	<u>12,042</u>	<u>123,577</u>	<u>272,535</u>
Property and equipment							
Land and land improvements	-	-	-	2,946,584	-	1,277,173	1,880,926
Buildings	-	-	-	8,390,733	-	10,315,951	14,925,763
Furniture and equipment	-	-	-	181,490	-	193,052	207,933
Predevelopment project costs	-	4,776,901	-	-	-	-	-
Construction in progress	30,771,425	-	-	-	-	-	-
Accumulated depreciation	-	-	-	(614,217)	-	(467,045)	(727,952)
Net property and equipment	<u>30,771,425</u>	<u>4,776,901</u>	<u>-</u>	<u>10,904,590</u>	<u>-</u>	<u>11,319,131</u>	<u>16,286,670</u>
Other long-term assets							
Restricted property reserves	-	153,893	-	180,677	-	289,903	218,474
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	(92)	-	(81)	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>502,682</u>	<u>6,716,647</u>	<u>-</u>	<u>201,927</u>	<u>-</u>	<u>212,509</u>	<u>407,141</u>
Total other long-term assets	<u>502,682</u>	<u>6,870,540</u>	<u>(92)</u>	<u>382,604</u>	<u>(81)</u>	<u>502,412</u>	<u>625,615</u>
Total assets	<u>\$ 31,393,943</u>	<u>\$ 11,962,820</u>	<u>\$ 13,366</u>	<u>\$ 11,404,316</u>	<u>\$ 11,961</u>	<u>\$ 11,945,120</u>	<u>\$ 17,184,820</u>

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	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)	Mercy Housing California 56, LP (Jefferson Park Terrace)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 4,425,580	\$ 162,555	\$ -	\$ 44,027	\$ -	\$ 20,197	\$ 227,206
Due to affiliates	1,185,824	1,741	21,656	3,248	20,202	12,043	11,500
Accrued interest	-	15,724	-	4,032	-	1,549	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	4,460,000	-	70,109	-	15,871	-
Current portion of notes payable, affiliates	-	689,101	-	-	-	-	-
Deferred revenue and other liabilities	-	583,335	-	48	-	3,317	3,139
Tenant security deposits	-	-	-	29,635	-	23,348	27,758
Total current liabilities	5,611,404	5,912,456	21,656	151,099	20,202	76,325	269,603
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	462,105	233,208	-	174,327	-	196,687	258,780
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	24,290,646	5,635,661	-	4,628,555	-	4,742,825	6,036,906
Notes payable, less current portion, affiliates	-	-	-	-	-	-	1,074,176
Deferred revenue and other liabilities	-	-	-	-	-	-	395,120
Total long-term liabilities	24,752,751	5,868,869	-	4,802,882	-	4,939,512	7,764,982
Total liabilities	30,364,155	11,781,325	21,656	4,953,981	20,202	5,015,837	8,034,585
Net assets							
Unrestricted net assets, controlling	1,029,788	181,495	(8,290)	6,450,335	(8,241)	6,929,283	9,150,235
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	1,029,788	181,495	(8,290)	6,450,335	(8,241)	6,929,283	9,150,235
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	1,029,788	181,495	(8,290)	6,450,335	(8,241)	6,929,283	9,150,235
Total liabilities and net assets	\$ 31,393,943	\$ 11,962,820	\$ 13,366	\$ 11,404,316	\$ 11,961	\$ 11,945,120	\$ 17,184,820

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	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	El Monte Veterans Apartments LLC	El Monte Veterans Apartments, LP	1028 Howard Street, LLC	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)
Assets							
Current assets							
Cash and cash equivalents	\$ 316,425	\$ 215,957	\$ -	\$ 38,680	\$ 195,449	\$ 66,586	\$ 16,981
Cash, tenant security deposits	57,129	10,844	-	32,550	27,313	7,011	29,881
Cash, restricted	-	435,824	-	302,118	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	131	1,349	-	24,164	4	5,154	5,330
Due from affiliate, net	-	-	7,721	12,192	-	3,085	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	26,423	12,110	-	15,702	12,643	34,795	13,016
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>400,108</u>	<u>676,084</u>	<u>7,721</u>	<u>425,406</u>	<u>235,409</u>	<u>116,631</u>	<u>65,208</u>
Property and equipment							
Land and land improvements	1,472,392	675,178	-	1,293,775	-	1,103,953	324,803
Buildings	8,554,855	13,049,020	-	10,014,860	3,467,815	4,331,155	4,065,905
Furniture and equipment	286,513	403,093	-	596,258	58,991	253,139	154,890
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(6,268,939)	(598,599)	-	(178,172)	(316,794)	(320,469)	(2,931,596)
Net property and equipment	<u>4,044,821</u>	<u>13,528,692</u>	<u>-</u>	<u>11,726,721</u>	<u>3,210,012</u>	<u>5,367,778</u>	<u>1,614,002</u>
Other long-term assets							
Restricted property reserves	644,117	381,611	-	395,788	99,942	269,634	153,978
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	82,525	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>21,373</u>	<u>256,377</u>	<u>-</u>	<u>90,182</u>	<u>13,860</u>	<u>43,193</u>	<u>19,384</u>
Total other long-term assets	<u>665,490</u>	<u>637,988</u>	<u>82,525</u>	<u>485,970</u>	<u>113,802</u>	<u>312,827</u>	<u>173,362</u>
Total assets	<u>\$ 5,110,419</u>	<u>\$ 14,842,764</u>	<u>\$ 90,246</u>	<u>\$ 12,638,097</u>	<u>\$ 3,559,223</u>	<u>\$ 5,797,236</u>	<u>\$ 1,852,572</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	El Monte Veterans Apartments LLC	El Monte Veterans Apartments, LP	1028 Howard Street, LLC	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 50,531	\$ 51,020	\$ -	\$ 187,696	\$ 81,376	\$ 43,590	\$ 43,943
Due to affiliates	30,387	-	4,599	210,015	-	12,975	149,884
Accrued interest	6,220	3,181	-	-	701	-	1,991
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	61,688	39,106	-	-	28,304	-	23,846
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	114	152	-	3,247	3	6,444	16,629
Tenant security deposits	57,266	10,505	-	32,242	26,813	7,011	29,835
Total current liabilities	206,206	103,964	4,599	433,200	137,197	70,020	266,128
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	2,147,295	90,000	-	143,595	1,284,547	27,671	897,839
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	3,832,263	4,395,608	-	4,100,000	2,261,072	4,914,000	1,056,457
Notes payable, less current portion, affiliates	-	780,000	-	-	-	-	-
Deferred revenue and other liabilities	-	1,340,063	-	-	-	-	1,015
Total long-term liabilities	5,979,558	6,605,671	-	4,243,595	3,545,619	4,941,671	1,955,311
Total liabilities	6,185,764	6,709,635	4,599	4,676,795	3,682,816	5,011,691	2,221,439
Net assets							
Unrestricted net assets, controlling	(1,075,345)	8,133,129	85,647	7,961,302	(123,593)	785,545	(368,867)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(1,075,345)	8,133,129	85,647	7,961,302	(123,593)	785,545	(368,867)
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(1,075,345)	8,133,129	85,647	7,961,302	(123,593)	785,545	(368,867)
Total liabilities and net assets	\$ 5,110,419	\$ 14,842,764	\$ 90,246	\$ 12,638,097	\$ 3,559,223	\$ 5,797,236	\$ 1,852,572

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Eden House LLC	Eden House, L.P.	Crossroad Gardens LLC	Transbay Block 6, LLC	Mercy Housing California 62, LP (Transbay Block 6)	Sunset Valley Duplexes LLC	Mercy Housing California 63, LP (Sunset Valley Duplexes)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 443,071	\$ 59,196	\$ -	\$ -	\$ -	\$ 32,911
Cash, tenant security deposits	-	62,205	46,836	-	-	-	29,970
Cash, restricted	-	411,567	-	-	117,310	-	109,031
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	42,288	2,273	-	7,830	-	48,706
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	-	47,291	14,813	-	-	-	22,055
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	-	1,006,422	123,118	-	125,140	-	242,673
Property and equipment							
Land and land improvements	-	783,628	714,933	-	-	-	8,604,158
Buildings	-	10,597,688	3,617,549	-	-	-	1,703,999
Furniture and equipment	-	453,163	212	-	-	-	20,731
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	525,125	-	-	15,956,673	-	3,442,547
Accumulated depreciation	-	(170,296)	(109,420)	-	-	-	(17,644)
Net property and equipment	-	12,189,308	4,223,274	-	15,956,673	-	13,753,791
Other long-term assets							
Restricted property reserves	-	3,563,893	194,445	-	18,502	-	202,869
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	2,043,180	-	-	869	-	143,554	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	225,102	10,693	-	286,979	-	175,539
Total other long-term assets	2,043,180	3,788,995	205,138	869	305,481	143,554	378,408
Total assets	\$ 2,043,180	\$ 16,984,725	\$ 4,551,530	\$ 869	\$ 16,387,294	\$ 143,554	\$ 14,374,872

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Eden House LLC	Eden House, L.P.	Crossroad Gardens LLC	Transbay Block 6, LLC	Mercy Housing California 62, LP (Transbay Block 6)	Sunset Valley Duplexes LLC	Mercy Housing California 63, LP (Sunset Valley Duplexes)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 776,445	\$ 39,996	\$ -	\$ 2,126,401	\$ -	\$ 676,309
Due to affiliates	905	649,043	260,055	539	935,280	75	307,394
Accrued interest	-	-	6,705	-	-	-	4,060
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	52,435	-	-	-	-
Current portion of notes payable, affiliates	-	-	16,986	-	8,818	-	17,656
Deferred revenue and other liabilities	-	11,800	5,273	-	1	-	76
Tenant security deposits	-	61,706	45,645	-	-	-	26,384
Total current liabilities	905	1,498,994	427,095	539	3,070,500	75	1,031,879
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	29,632	1,243,524	-	74,986	-	424,340
Accrued interest, affiliates	-	103,682	-	-	-	-	1,558
Notes payable, less current portion, net	-	10,690,201	3,047,390	-	12,686,661	-	10,680,304
Notes payable, less current portion, affiliates	-	3,100,000	-	-	-	-	55,653
Deferred revenue and other liabilities	-	115,456	-	-	-	-	-
Total long-term liabilities	-	14,038,971	4,290,914	-	12,761,647	-	11,161,855
Total liabilities	905	15,537,965	4,718,009	539	15,832,147	75	12,193,734
Net assets							
Unrestricted net assets, controlling	2,042,275	1,446,760	(166,479)	330	555,147	143,479	2,181,138
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	2,042,275	1,446,760	(166,479)	330	555,147	143,479	2,181,138
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	2,042,275	1,446,760	(166,479)	330	555,147	143,479	2,181,138
Total liabilities and net assets	\$ 2,043,180	\$ 16,984,725	\$ 4,551,530	\$ 869	\$ 16,387,294	\$ 143,554	\$ 14,374,872

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2014

	345 Arguello, LP	1880 Pine, LP	Mercy Housing California 64, LP (Transbay Block 7)	Mercy Mather Veterans, LLC	Mercy Housing California 61, LP (Mather Veterans Village)	Eliminations	Consolidated Mercy Housing Calwest
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,561,473
Cash, tenant security deposits	-	-	-	-	-	-	947,975
Cash, restricted	-	-	-	-	333,895	-	4,357,971
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	48,196	-	815,097
Due from affiliate, net	-	-	-	-	-	(524,983)	101,926
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	50,000	50,000	100,000	-	177,540	-	1,388,025
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>50,000</u>	<u>50,000</u>	<u>100,000</u>	<u>-</u>	<u>559,631</u>	<u>(524,983)</u>	<u>11,172,467</u>
Property and equipment							
Land and land improvements	-	-	-	-	-	700,824	45,042,820
Buildings	-	-	-	-	-	-	370,963,194
Furniture and equipment	-	-	-	-	-	-	11,613,234
Predevelopment project costs	415,405	450,138	756,323	-	-	-	6,398,767
Construction in progress	-	-	-	-	2,250,332	-	52,946,102
Accumulated depreciation	-	-	-	-	-	-	(37,070,922)
Net property and equipment	<u>415,405</u>	<u>450,138</u>	<u>756,323</u>	<u>-</u>	<u>2,250,332</u>	<u>700,824</u>	<u>449,893,195</u>
Other long-term assets							
Restricted property reserves	-	-	-	-	-	-	21,505,957
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	(1)	-	(11,287,267)	(7,186,589)
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	(1,217,502)	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>119</u>	<u>83</u>	<u>750</u>	<u>-</u>	<u>395,462</u>	<u>-</u>	<u>12,896,569</u>
Total other long-term assets	<u>119</u>	<u>83</u>	<u>750</u>	<u>(1)</u>	<u>395,462</u>	<u>(12,504,769)</u>	<u>27,215,937</u>
Total assets	<u>\$ 465,524</u>	<u>\$ 500,221</u>	<u>\$ 857,073</u>	<u>\$ (1)</u>	<u>\$ 3,205,425</u>	<u>\$ (12,328,928)</u>	<u>\$ 488,281,599</u>

Mercy Housing Calwest
Consolidating Statement of Financial Position
December 31, 2014

	345 Arguello, LP	1880 Pine, LP	Mercy Housing California 64, LP (Transbay Block 7)	Mercy Mather Veterans, LLC	Mercy Housing California 61, LP (Mather Veterans Village)	Eliminations	Consolidated Mercy Housing Calwest
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 137,032	\$ 154,212	\$ 47,971	\$ -	\$ 372,597	\$ (133,829)	\$ 13,221,068
Due to affiliates	9,582	9,582	-	-	-	(687,400)	6,222,975
Accrued interest	-	-	-	-	-	-	369,214
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	-	-	44,099,708
Current portion of notes payable, affiliates	373	373	469,947	-	92,456	-	1,856,776
Deferred revenue and other liabilities	2	-	-	-	-	(1)	2,081,386
Tenant security deposits	-	-	-	-	-	-	944,654
Total current liabilities	<u>146,989</u>	<u>164,167</u>	<u>517,918</u>	<u>-</u>	<u>465,053</u>	<u>(821,230)</u>	<u>68,795,781</u>
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	1,291	-	-	-	12,509,563
Accrued interest, affiliates	-	-	-	-	-	(105,240)	308,976
Notes payable, less current portion, net	333,026	350,545	337,940	-	1,912,871	-	274,898,073
Notes payable, less current portion, affiliates	-	-	-	-	-	(4,373,155)	7,430,381
Deferred revenue and other liabilities	-	-	-	-	-	-	22,260,385
Total long-term liabilities	<u>333,026</u>	<u>350,545</u>	<u>339,231</u>	<u>-</u>	<u>1,912,871</u>	<u>(4,478,395)</u>	<u>317,407,378</u>
Total liabilities	<u>480,015</u>	<u>514,712</u>	<u>857,149</u>	<u>-</u>	<u>2,377,924</u>	<u>(5,299,625)</u>	<u>386,203,159</u>
Net assets							
Unrestricted net assets, controlling	(14,491)	(14,491)	(76)	(1)	827,501	(7,029,303)	98,272,917
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	<u>(14,491)</u>	<u>(14,491)</u>	<u>(76)</u>	<u>(1)</u>	<u>827,501</u>	<u>(7,029,303)</u>	<u>98,272,917</u>
Temporarily restricted net assets	-	-	-	-	-	-	3,805,523
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	<u>(14,491)</u>	<u>(14,491)</u>	<u>(76)</u>	<u>(1)</u>	<u>827,501</u>	<u>(7,029,303)</u>	<u>102,078,440</u>
Total liabilities and net assets	<u>\$ 465,524</u>	<u>\$ 500,221</u>	<u>\$ 857,073</u>	<u>\$ (1)</u>	<u>\$ 3,205,425</u>	<u>\$ (12,328,928)</u>	<u>\$ 488,281,599</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing Calwest	Mercy Housing California XXXIX, LP (Gleason Park)	Mercy Housing California XL, LP (Arlington Hotel)	Mercy Housing California XXXVIII, LP (East Leland Courts)	Mercy Housing California XLII, LP (Boulevard Court)	Mercy Housing California XLIV, LP (1000 Fourth Street)	Third and LeConte Associates LP (Bayview Hill Gardens)
Revenues							
Rent - net of vacancies	\$ -	\$ 644,416	\$ 960,477	\$ 617,259	\$ 324,974	\$ 197,065	\$ 386,844
Developer fees	-	-	-	-	-	-	-
Services fees	260,301	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	422,013	-	394,939	-	-
Consulting	-	-	-	-	-	-	-
Interest	103,682	8,828	9,414	132	60,000	4	69
Other	3,377,800	59,818	517,783	21,796	190,345	85,743	629,472
Total revenues	3,741,783	713,062	1,909,687	639,187	970,258	282,812	1,016,385
Expenses and losses							
Compensation	-	167,844	394,148	110,198	280,992	35,907	193,103
Administrative	229,047	140,320	305,724	122,420	102,889	629,982	256,510
Professional services	2,779	90,839	284,952	17,643	90,710	32,149	18,003
Depreciation and amortization	-	842,082	1,968,083	927,590	735,671	767,050	1,391,994
Grants	56,648	-	-	-	-	-	-
Facility	-	242,069	276,747	239,927	180,507	75,763	413,303
Interest and fees	-	92	798,752	290,725	99,678	128,778	254,486
Bad debts	-	3,440	3,002	2,687	(3,458)	-	203
Provision for impaired assets	3,203,682	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	4,450,163	-	-	-	-	-	-
Total expenses and losses	7,942,319	1,486,686	4,031,408	1,711,190	1,486,989	1,669,629	2,527,602
Excess (deficiency) of revenues over expenses	(4,200,536)	(773,624)	(2,121,721)	(1,072,003)	(516,731)	(1,386,817)	(1,511,217)
Net assets at beginning of year	(5,628,723)	(2,281,715)	(3,122,191)	5,890,326	(654,955)	2,842,333	1,574,625
Other transfers to (from) net assets	(3,461,761)	-	-	-	-	(30,000)	12,826,555
Net assets at end of year	\$ (13,291,020)	\$ (3,055,339)	\$ (5,243,912)	\$ 4,818,323	\$ (1,171,686)	\$ 1,425,516	\$ 12,889,963

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Caroline Severance LLC	Mercy Housing California XLIII, LP (Caroline Severance Manor)	7th & H GP, LLC	Mercy Housing California 47, LP (7th & H Street)	Madonna Senior Housing LLC	Mercy Housing California 53, LP (Madonna Residences)	Mercy Housing California 52,LP (School House Station-Vista Grande)
Revenues							
Rent - net of vacancies	\$ -	\$ 784,147	\$ -	\$ 947,443	\$ -	\$ 609,595	\$ 1,127,037
Developer fees	-	-	-	-	-	-	-
Services fees	8,800	-	15,450	-	30,000	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	7	-	53,738	-	35	2
Other	-	6,015	15,000	30,737	15,000	38,829	138,654
Total revenues	8,800	790,169	30,450	1,031,918	45,000	648,459	1,265,693
Expenses and losses							
Compensation	-	123,915	-	307,453	-	261,190	203,603
Administrative	8,800	275,539	30,509	211,387	45,800	130,084	181,628
Professional services	1,628	115,782	1,608	194,419	1,628	88,733	79,661
Depreciation and amortization	-	1,194,501	-	1,598,026	-	456,139	554,411
Grants	-	-	-	-	-	-	-
Facility	-	173,841	-	372,711	-	230,997	287,958
Interest and fees	-	431,143	-	88,948	-	147,258	391,264
Bad debts	-	-	-	14,482	-	1,790	5,816
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	(3,937)	-	-	-
(Gain) loss on investment in limited partnership	153	-	175	-	67	-	-
Total expenses and losses	10,581	2,314,721	32,292	2,783,489	47,495	1,316,191	1,704,341
Excess (deficiency) of revenues over expenses	(1,781)	(1,524,552)	(1,842)	(1,751,571)	(2,495)	(667,732)	(438,648)
Net assets at beginning of year	(8,751)	1,312,275	13,731,093	32,722,897	22,700	3,881,620	5,125,001
Other transfers to (from) net assets	-	11,680,602	455,030	800,000	-	-	1,278,537
Net assets at end of year	\$ (10,532)	\$ 11,468,325	\$ 14,184,281	\$ 31,771,326	\$ 20,205	\$ 3,213,888	\$ 5,964,890

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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)	Mercy Housing California 56, LP (Jefferson Park Terrace)
Revenues							
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 367,766	\$ -	\$ 289,771	\$ 604,278
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	4,958	-	8,500	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	-	-	34	-	51	-
Other	-	146,667	-	6,601	-	27,785	82,311
Total revenues	-	146,667	4,958	374,401	8,500	317,607	686,589
Expenses and losses							
Compensation	9,001	-	-	58,663	-	44,720	118,215
Administrative	988	1,220	5,757	57,673	12,842	11,423	91,185
Professional services	4,998	4,600	1,628	32,321	1,628	31,836	27,365
Depreciation and amortization	-	-	-	360,858	-	307,299	628,241
Grants	-	-	-	-	-	-	-
Facility	-	-	-	92,014	-	105,217	141,955
Interest and fees	-	-	-	161,837	-	271,852	291,995
Bad debts	-	-	-	8,571	-	1,068	1,417
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	40	-	46	-	-
Total expenses and losses	14,987	5,820	7,425	771,937	14,516	773,415	1,300,373
Excess (deficiency) of revenues over expenses	(14,987)	140,847	(2,467)	(397,536)	(6,016)	(455,808)	(613,784)
Net assets at beginning of year	156,579	40,648	(5,823)	6,419,296	(2,225)	376,905	1,740,683
Other transfers to (from) net assets	888,196	-	-	428,575	-	7,008,186	8,023,336
Net assets at end of year	<u>\$ 1,029,788</u>	<u>\$ 181,495</u>	<u>\$ (8,290)</u>	<u>\$ 6,450,335</u>	<u>\$ (8,241)</u>	<u>\$ 6,929,283</u>	<u>\$ 9,150,235</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing California II, LP (Columbia Park)	Coastside Senior Housing Limited Partners, LP	El Monte Veterans Apartments LLC	El Monte Veterans Apartments, LP	1028 Howard Street, LLC	Mercy Housing California 60, LP (Quinn Cottages)	Mercy Housing California XI, LP (Madison Place)
Revenues							
Rent - net of vacancies	\$ 849,308	\$ 485,453	\$ -	\$ 255,238	\$ 442,660	\$ 181,753	\$ 348,473
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	7,721	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	(399)	107	-	309	22	132	87
Other	25,788	33,200	980	1,040	6,132	28,108	27,510
Total revenues	<u>874,697</u>	<u>518,760</u>	<u>8,701</u>	<u>256,587</u>	<u>448,814</u>	<u>209,993</u>	<u>376,070</u>
Expenses and losses							
Compensation	174,860	99,281	-	66,883	59,465	201,298	91,393
Administrative	104,766	156,347	1,620	291,705	72,309	131,564	76,013
Professional services	96,783	10,202	1,939	30,750	32,915	32,518	4,634
Depreciation and amortization	391,503	595,500	-	207,970	163,235	242,750	156,623
Grants	-	-	-	-	-	-	-
Facility	216,981	48,015	-	63,220	139,613	106,087	163,763
Interest and fees	236,337	176,194	-	87,368	71,201	71,021	109,628
Bad debts	-	-	-	1,006	-	3,074	4,620
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	25	-	-	-	-
Total expenses and losses	<u>1,221,230</u>	<u>1,085,539</u>	<u>3,584</u>	<u>748,902</u>	<u>538,738</u>	<u>788,312</u>	<u>606,674</u>
Excess (deficiency) of revenues over expenses	(346,533)	(566,779)	5,117	(492,315)	(89,924)	(578,319)	(230,604)
Net assets at beginning of year	(728,812)	2,415,232	80,530	43,484	(33,669)	1,118,483	(138,263)
Other transfers to (from) net assets	-	6,284,676	-	8,410,133	-	245,381	-
Net assets at end of year	<u>\$ (1,075,345)</u>	<u>\$ 8,133,129</u>	<u>\$ 85,647</u>	<u>\$ 7,961,302</u>	<u>\$ (123,593)</u>	<u>\$ 785,545</u>	<u>\$ (368,867)</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Eden House LLC	Eden House, L.P.	Crossroad Gardens LLC	Transbay Block 6, LLC	Mercy Housing California 62, LP (Transbay Block 6)	Sunset Valley Duplexes LLC	Mercy Housing California 63, LP (Sunset Valley Duplexes)
Revenues							
Rent - net of vacancies	\$ -	\$ 1,023,193	\$ 493,790	\$ -	\$ -	\$ -	\$ 284,979
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	37	126	-	840	1,558	41
Other	213,258	13,306	14,392	-	-	199,225	9,371
Total revenues	<u>213,258</u>	<u>1,036,536</u>	<u>508,308</u>	<u>-</u>	<u>840</u>	<u>200,783</u>	<u>294,391</u>
Expenses and losses							
Compensation	-	279,277	118,451	-	-	-	78,115
Administrative	-	329,243	57,259	-	869	-	88,052
Professional services	1,005	83,561	17,511	540	4,600	75	13,568
Depreciation and amortization	-	332,560	110,178	-	-	-	22,168
Grants	-	-	-	-	-	-	-
Facility	-	267,785	215,976	-	-	-	132,781
Interest and fees	15,549	336,719	120,492	-	-	-	140,752
Bad debts	-	279	549	-	-	-	1,263
Provision for impaired assets	-	-	-	-	-	57,211	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	59	-	-	-	-	18	-
Total expenses and losses	<u>16,613</u>	<u>1,629,424</u>	<u>640,416</u>	<u>540</u>	<u>5,469</u>	<u>57,304</u>	<u>476,699</u>
Excess (deficiency) of revenues over expenses	196,645	(592,888)	(132,108)	(540)	(4,629)	143,479	(182,308)
Net assets at beginning of year	-	-	-	-	870	-	-
Other transfers to (from) net assets	1,845,630	2,039,648	(34,371)	870	558,906	-	2,363,446
Net assets at end of year	<u>\$ 2,042,275</u>	<u>\$ 1,446,760</u>	<u>\$ (166,479)</u>	<u>\$ 330</u>	<u>\$ 555,147</u>	<u>\$ 143,479</u>	<u>\$ 2,181,138</u>

Mercy Housing Calwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	345 Arguello, LP	1880 Pine, LP	Mercy Housing California 64, LP (Transbay Block 7)	Mercy Mather Veterans, LLC	Mercy Housing California 61, LP (Mather Veterans Village)	Eliminations	Consolidated Mercy Housing Calwest
Revenues							
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,225,919
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	(309,981)	25,749
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	816,952
Consulting	-	-	-	-	-	-	-
Interest	-	-	-	-	-	(105,240)	133,616
Other	-	-	-	-	-	(30,000)	5,932,666
Total revenues	-	-	-	-	-	(445,221)	19,134,902
Expenses and losses							
Compensation	-	-	-	-	-	-	3,477,975
Administrative	309	309	76	-	7,891	(320,594)	3,849,465
Professional services	14,182	14,182	-	-	4,600	-	1,488,475
Depreciation and amortization	-	-	-	-	-	-	13,954,432
Grants	-	-	-	-	-	(30,000)	26,648
Facility	-	-	-	-	-	-	4,187,230
Interest and fees	-	-	-	-	-	(105,240)	4,616,829
Bad debts	-	-	-	-	-	-	49,809
Provision for impaired assets	-	-	-	-	-	(3,260,893)	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	(3,937)
(Gain) loss on investment in limited partnership	-	-	-	1	-	(3,367,914)	1,082,833
Total expenses and losses	14,491	14,491	76	1	12,491	(7,084,641)	32,729,759
Excess (deficiency) of revenues over expenses	(14,491)	(14,491)	(76)	(1)	(12,491)	6,639,420	(13,594,857)
Net assets at beginning of year	-	-	-	-	-	(11,212,528)	55,677,925
Other transfers to (from) net assets	-	-	-	-	839,992	(2,456,195)	59,995,372
Net assets at end of year	<u>\$ (14,491)</u>	<u>\$ (14,491)</u>	<u>\$ (76)</u>	<u>\$ (1)</u>	<u>\$ 827,501</u>	<u>\$ (7,029,303)</u>	<u>\$ 102,078,440</u>

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ -	\$ 19,170	\$ 61,562	\$ 375,205	\$ 23,331	\$ 8,114	\$ 65,885
Cash, tenant security deposits	-	-	11,607	-	27,349	-	1,196
Cash, restricted	71	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	573	-	-	-	3,795
Due from affiliate, net	1,772,990	-	-	-	-	-	1,665
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	83,380	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	7,646	2,576	8,802	3,200	4,860
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	1,856,441	19,170	81,388	377,781	59,482	11,314	77,401
Property and equipment							
Land and land improvements	3,700,000	40,000	96,144	658,571	602,623	368,530	58,366
Buildings	-	245,865	649,702	4,326,710	3,642,148	2,194,340	2,559,456
Furniture and equipment	-	-	-	105,508	11,660	32,811	15,819
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(111,654)	(328,097)	(2,804,040)	(2,008,102)	(1,489,693)	(1,207,126)
Net property and equipment	3,700,000	174,211	417,749	2,286,749	2,248,329	1,105,988	1,426,515
Other long-term assets							
Restricted property reserves	-	-	53,545	142,214	118,465	42,459	185,068
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	60,000	-	53,545	142,214	118,465	42,459	185,068
Total assets	\$ 5,616,441	\$ 193,381	\$ 552,682	\$ 2,806,744	\$ 2,426,276	\$ 1,159,761	\$ 1,688,984

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ -	\$ 6,924	\$ 23,626	\$ 54,313	\$ 24,681	\$ 3,206	\$ 8,741
Due to affiliates	20	-	-	-	-	-	-
Accrued interest	-	-	-	409,251	9,157	-	2,043
Accrued interest, affiliates	48,032	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	43,024	-	19,754
Current portion of notes payable, affiliates	83,451	-	-	-	-	108,371	-
Deferred revenue and other liabilities	1	-	284	-	804	-	-
Tenant security deposits	-	-	12,404	-	27,349	5,000	3,283
Total current liabilities	131,504	6,924	36,314	463,564	105,015	116,577	33,821
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	58,425	-	-	-	458,966	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	971,867	262,025	-	1,260,000	2,333,496	-	486,628
Notes payable, less current portion, affiliates	585,129	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	1,615,421	262,025	-	1,260,000	2,792,462	-	486,628
Total liabilities	1,746,925	268,949	36,314	1,723,564	2,897,477	116,577	520,449
Net assets							
Unrestricted net assets, controlling	3,869,516	(75,568)	302,139	(1,210,416)	(1,678,439)	(380,088)	1,168,535
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	3,869,516	(75,568)	302,139	(1,210,416)	(1,678,439)	(380,088)	1,168,535
Temporarily restricted net assets	-	-	214,229	2,293,596	1,207,238	1,423,272	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	3,869,516	(75,568)	516,368	1,083,180	(471,201)	1,043,184	1,168,535
Total liabilities and net assets	\$ 5,616,441	\$ 193,381	\$ 552,682	\$ 2,806,744	\$ 2,426,276	\$ 1,159,761	\$ 1,688,984

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2014

	Sierra Vista	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 553,267
Cash, tenant security deposits	-	-	-	40,152
Cash, restricted	2,908	419	-	3,398
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	-	-	4,368
Due from affiliate, net	-	-	-	1,774,655
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	83,380
Prepaid expenses and other assets	-	-	-	27,084
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>2,908</u>	<u>419</u>	<u>-</u>	<u>2,486,304</u>
Property and equipment				
Land and land improvements	-	214,975	-	5,739,209
Buildings	-	-	-	13,618,221
Furniture and equipment	-	-	-	165,798
Predevelopment project costs	-	-	-	-
Construction in progress	2,284,645	345,025	-	2,629,670
Accumulated depreciation	-	-	-	(7,948,712)
Net property and equipment	<u>2,284,645</u>	<u>560,000</u>	<u>-</u>	<u>14,204,186</u>
Other long-term assets				
Restricted property reserves	1	-	-	541,752
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	<u>130,152</u>	<u>66,771</u>	<u>-</u>	<u>196,923</u>
Total other long-term assets	<u>130,153</u>	<u>66,771</u>	<u>-</u>	<u>798,675</u>
Total assets	<u>\$ 2,417,706</u>	<u>\$ 627,190</u>	<u>\$ -</u>	<u>\$ 17,489,165</u>

Mercy Properties California
Consolidating Statement of Financial Position
December 31, 2014

	Sierra Vista	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 9,200	\$ 9,214	\$ -	\$ 139,905
Due to affiliates	1,580,333	879,561	-	2,459,914
Accrued interest	40,529	4,236	-	465,216
Accrued interest, affiliates	-	-	-	48,032
Current portion of notes payable	-	-	-	62,778
Current portion of notes payable, affiliates	164,220	862,842	-	1,218,884
Deferred revenue and other liabilities	-	1	-	1,090
Tenant security deposits	-	-	-	48,036
Total current liabilities	<u>1,794,282</u>	<u>1,755,854</u>	<u>-</u>	<u>4,443,855</u>
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	-	-	517,391
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	880,742	96,722	-	6,291,480
Notes payable, less current portion, affiliates	-	-	-	585,129
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	<u>880,742</u>	<u>96,722</u>	<u>-</u>	<u>7,394,000</u>
Total liabilities	<u>2,675,024</u>	<u>1,852,576</u>	<u>-</u>	<u>11,837,855</u>
Net assets				
Unrestricted net assets, controlling	(257,318)	(1,225,386)	-	512,975
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	<u>(257,318)</u>	<u>(1,225,386)</u>	<u>-</u>	<u>512,975</u>
Temporarily restricted net assets	-	-	-	5,138,335
Permanently restricted net assets	-	-	-	-
Total net assets	<u>(257,318)</u>	<u>(1,225,386)</u>	<u>-</u>	<u>5,651,310</u>
Total liabilities and net assets	<u>\$ 2,417,706</u>	<u>\$ 627,190</u>	<u>\$ -</u>	<u>\$ 17,489,165</u>

Mercy Properties California
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Properties California	Foster Youth	The Haven	Leland House	Osocales (McIntosh Mobile Homes)	Richmond Hills	Sycamore Center (Red Bluff)
Revenues							
Rent - net of vacancies	\$ -	\$ 14,300	\$ 161,244	\$ 20,577	\$ 361,393	\$ 36,181	\$ 104,230
Developer fees	-	-	-	-	-	-	-
Services fees	4,032	-	-	-	-	-	-
Philanthropy	-	-	-	58,488	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	-	49	528	64	19	89
Other	848,917	-	1,144	-	1,761	-	25,605
Total revenues	<u>852,949</u>	<u>14,300</u>	<u>162,437</u>	<u>79,593</u>	<u>363,218</u>	<u>36,200</u>	<u>129,924</u>
Expenses and losses							
Compensation	-	-	79,015	-	77,032	-	23,862
Administrative	21	2,682	16,233	205,861	36,451	1,730	7,814
Professional services	-	2,766	2,624	2,624	11,105	2,597	2,624
Depreciation and amortization	-	8,965	23,910	167,960	143,615	81,072	96,470
Grants	4,032	-	-	-	-	-	-
Facility	-	4,391	72,972	24,088	140,239	9,063	63,029
Interest and fees	83,329	310	-	37,800	126,782	5,992	24,485
Bad debts	-	-	1,956	-	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	173,222	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	<u>260,604</u>	<u>19,114</u>	<u>196,710</u>	<u>438,333</u>	<u>535,224</u>	<u>100,454</u>	<u>218,284</u>
Excess (deficiency) of revenues over expenses	<u>592,345</u>	<u>(4,814)</u>	<u>(34,273)</u>	<u>(358,740)</u>	<u>(172,006)</u>	<u>(64,254)</u>	<u>(88,360)</u>
Net assets at beginning of year	3,277,171	(70,754)	550,641	1,441,920	(299,195)	1,107,438	1,256,895
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 3,869,516</u>	<u>\$ (75,568)</u>	<u>\$ 516,368</u>	<u>\$ 1,083,180</u>	<u>\$ (471,201)</u>	<u>\$ 1,043,184</u>	<u>\$ 1,168,535</u>

Mercy Properties California
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Sierra Vista	Acacia Meadows	Eliminations	Consolidated Mercy Properties California
Revenues				
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 697,925
Developer fees	-	-	-	-
Services fees	-	-	(4,032)	-
Philanthropy	-	-	-	58,488
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	1	-	-	750
Other	540,526	79,127	-	1,497,080
Total revenues	540,527	79,127	(4,032)	2,254,243
Expenses and losses				
Compensation	-	-	-	179,909
Administrative	1	4,783	(4,032)	271,544
Professional services	7,224	15,033	-	46,597
Depreciation and amortization	-	-	-	521,992
Grants	-	-	-	4,032
Facility	40,152	23,005	-	376,939
Interest and fees	45,283	45,156	-	369,137
Bad debts	-	-	-	1,956
Provision for impaired assets	-	100,359	-	100,359
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	(315,000)	-	-	(141,778)
(Gain) loss on investment in limited partnership	-	-	-	-
Total expenses and losses	(222,340)	188,336	(4,032)	1,730,687
Excess (deficiency) of revenues over expenses	762,867	(109,209)	-	523,556
Net assets at beginning of year	(1,020,185)	(1,116,177)	-	5,127,754
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	\$ (257,318)	\$ (1,225,386)	\$ -	\$ 5,651,310

San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ -	\$ 350,534	\$ 29,184	\$ -	\$ 379,718
Cash, tenant security deposits	-	60,854	61,833	-	122,687
Cash, restricted	-	201	-	-	201
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	4,472	6,799	-	11,271
Due from affiliate, net	441,255	-	-	(441,255)	-
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	-	22,421	29,547	-	51,968
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>441,255</u>	<u>438,482</u>	<u>127,363</u>	<u>(441,255)</u>	<u>565,845</u>
Property and equipment					
Land and land improvements	-	659,721	840,803	-	1,500,524
Buildings	-	5,745,177	2,119,448	-	7,864,625
Furniture and equipment	-	150,376	3,631,483	-	3,781,859
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	(3,723,246)	(3,783,306)	-	(7,506,552)
Net property and equipment	<u>-</u>	<u>2,832,028</u>	<u>2,808,428</u>	<u>-</u>	<u>5,640,456</u>
Other long-term assets					
Restricted property reserves	-	565,028	184,858	-	749,886
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(35,987)	-	-	35,987	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	97,576	55,297	-	152,873
Total other long-term assets	<u>(35,987)</u>	<u>662,604</u>	<u>240,155</u>	<u>35,987</u>	<u>902,759</u>
Total assets	<u>\$ 405,268</u>	<u>\$ 3,933,114</u>	<u>\$ 3,175,946</u>	<u>\$ (405,268)</u>	<u>\$ 7,109,060</u>

San Juan Housing Corporation
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 45,672	\$ 72,230	\$ -	\$ 234,719
Due to affiliates	320,198	351,978	300,946	(652,924)	320,198
Accrued interest	-	7,074	9,696	-	16,770
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	21,933	77,659	-	99,592
Current portion of notes payable, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	1,958	951	(1)	2,908
Tenant security deposits	-	64,425	60,170	-	124,595
Total current liabilities	437,015	493,040	521,652	(652,925)	798,782
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	460,978	1,334,395	-	1,795,373
Accrued interest, affiliates	-	-	-	-	-
Notes payable, less current portion, net	-	2,664,114	4,789,252	-	7,453,366
Notes payable, less current portion, affiliates	-	-	-	-	-
Deferred revenue and other liabilities	-	6,433	4,704	-	11,137
Total long-term liabilities	-	3,131,525	6,128,351	-	9,259,876
Total liabilities	437,015	3,624,565	6,650,003	(652,925)	10,058,658
Net assets					
Unrestricted net assets, controlling	(31,747)	308,549	(3,474,057)	247,657	(2,949,598)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	(31,747)	308,549	(3,474,057)	247,657	(2,949,598)
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(31,747)	308,549	(3,474,057)	247,657	(2,949,598)
Total liabilities and net assets	\$ 405,268	\$ 3,933,114	\$ 3,175,946	\$ (405,268)	\$ 7,109,060

San Juan Housing Corporation
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ -	\$ 708,932	\$ 602,396	\$ -	\$ 1,311,328
Developer fees	-	-	-	-	-
Services fees	50,252	-	-	(50,252)	-
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	-	-	401	-	401
Other	-	31,832	18,963	-	50,795
Total revenues	<u>50,252</u>	<u>740,764</u>	<u>621,760</u>	<u>(50,252)</u>	<u>1,362,524</u>
Expenses and losses					
Compensation	-	180,259	151,093	-	331,352
Administrative	50,297	131,801	83,085	(50,252)	214,931
Professional services	989	18,904	12,065	-	31,958
Depreciation and amortization	-	248,789	209,262	-	458,051
Grants	-	-	-	-	-
Facility	-	321,036	170,986	-	492,022
Interest and fees	-	115,115	202,506	-	317,621
Bad debts	-	-	1,099	-	1,099
Provision for impaired assets	-	-	-	-	-
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	48	-	-	(48)	-
Total expenses and losses	<u>51,334</u>	<u>1,015,904</u>	<u>830,096</u>	<u>(50,300)</u>	<u>1,847,034</u>
Excess (deficiency) of revenues over expenses	(1,082)	(275,140)	(208,336)	48	(484,510)
Net assets at beginning of year	(30,665)	583,689	(3,265,721)	247,609	(2,465,088)
Other transfers to (from) net assets	-	-	-	-	-
Net assets at end of year	<u>\$ (31,747)</u>	<u>\$ 308,549</u>	<u>\$ (3,474,057)</u>	<u>\$ 247,657</u>	<u>\$ (2,949,598)</u>

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Mercy Housing Idaho NSP LLC	Boise Senior 202 Owner, LP (12th Street Senior)
Assets							
Current assets							
Cash and cash equivalents	\$ 1,126	\$ 1,178	\$ 28,157	\$ 36,026	\$ 3,527	\$ 77,629	\$ 46,499
Cash, tenant security deposits	-	6,045	10,286	18,457	3,654	-	14,799
Cash, restricted	127,885	-	-	-	-	-	10,000
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	33,145	4	6,091	2,049	631	20,709	393
Due from affiliate, net	888,493	-	-	-	3,077	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	212,186	-	-	-	-	-	-
Prepaid expenses and other assets	3,478	3,697	6,099	11,117	3,290	-	11,953
Inventory	-	-	-	-	-	608,405	-
Assets held for sale	-	-	440,493	-	-	-	-
Total current assets	<u>1,266,313</u>	<u>10,924</u>	<u>491,126</u>	<u>67,649</u>	<u>14,179</u>	<u>706,743</u>	<u>83,644</u>
Property and equipment							
Land and land improvements	306,157	122,374	-	241,100	570	-	1,215,108
Buildings	-	1,343,135	-	1,764,308	1,443,238	-	9,644,176
Furniture and equipment	5,493	12,033	-	87,751	7,609	-	310,316
Predevelopment project costs	8,000	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(5,493)	(547,648)	-	(1,200,603)	(474,742)	-	(1,057,236)
Net property and equipment	<u>314,157</u>	<u>929,894</u>	<u>-</u>	<u>892,556</u>	<u>976,675</u>	<u>-</u>	<u>10,112,364</u>
Other long-term assets							
Restricted property reserves	-	108,931	213,789	79,547	43,271	-	586,865
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	249,962	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	-	-	-	54,300
Total other long-term assets	<u>357,976</u>	<u>108,931</u>	<u>213,789</u>	<u>79,547</u>	<u>43,271</u>	<u>-</u>	<u>641,165</u>
Total assets	<u>\$ 1,938,446</u>	<u>\$ 1,049,749</u>	<u>\$ 704,915</u>	<u>\$ 1,039,752</u>	<u>\$ 1,034,125</u>	<u>\$ 706,743</u>	<u>\$ 10,837,173</u>

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Mercy Housing Idaho NSP LLC	Boise Senior 202 Owner, LP (12th Street Senior)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 58,257	\$ 23,105	\$ 42,385	\$ 33,278	\$ 21,774	\$ 303	\$ 54,943
Due to affiliates	2,273,654	4,000	-	3,077	5,356	44,550	10,013
Accrued interest	-	-	1,901	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	2,472	-	-	583,042	-
Current portion of notes payable, affiliates	-	-	-	-	-	64,150	-
Deferred revenue and other liabilities	-	775	397	1,195	1,730	-	3,466
Tenant security deposits	-	5,502	9,296	17,963	3,465	-	14,314
Total current liabilities	2,331,911	33,382	56,451	55,513	32,325	692,045	82,736
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	44,773	-	-	-	20,642
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	260,000	775,997	-	290,000	-	590,000
Notes payable, less current portion, affiliates	-	-	-	-	-	-	4,297,700
Deferred revenue and other liabilities	-	-	-	-	-	14,859	-
Total long-term liabilities	-	260,000	820,770	-	290,000	14,859	4,908,342
Total liabilities	2,331,911	293,382	877,221	55,513	322,325	706,904	4,991,078
Net assets							
Unrestricted net assets, controlling	(649,511)	(195,246)	(172,306)	984,239	(210,289)	(161)	5,846,095
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(649,511)	(195,246)	(172,306)	984,239	(210,289)	(161)	5,846,095
Temporarily restricted net assets	256,046	951,613	-	-	922,089	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(393,465)	756,367	(172,306)	984,239	711,800	(161)	5,846,095
Total liabilities and net assets	\$ 1,938,446	\$ 1,049,749	\$ 704,915	\$ 1,039,752	\$ 1,034,125	\$ 706,743	\$ 10,837,173

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ -	\$ -	\$ 1,738	\$ 4,667	\$ 38,891	\$ -	\$ 239,438
Cash, tenant security deposits	-	-	6,902	7,636	3,690	-	71,469
Cash, restricted	-	-	48	64	38	-	138,035
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	2,606	1,515	-	(33,145)	33,998
Due from affiliate, net	7,500	188,103	115	-	-	(306,700)	780,588
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	(207,286)	4,900
Prepaid expenses and other assets	-	-	4,555	5,827	4,618	-	54,634
Inventory	-	-	-	-	-	-	608,405
Assets held for sale	-	-	-	-	-	-	440,493
Total current assets	7,500	188,103	15,964	19,709	47,237	(547,131)	2,371,960
Property and equipment							
Land and land improvements	-	-	103,800	103,429	90,524	-	2,183,062
Buildings	-	-	1,113,947	1,555,605	1,112,897	(137,262)	17,840,044
Furniture and equipment	-	-	46,360	136,838	80,549	-	686,949
Predevelopment project costs	-	-	-	-	-	-	8,000
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(912,382)	(1,231,425)	(925,186)	64,898	(6,289,817)
Net property and equipment	-	-	351,725	564,447	358,784	(72,364)	14,428,238
Other long-term assets							
Restricted property reserves	-	-	84,762	3,602	82,115	-	1,202,882
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	586	65,287	-	-	-	(65,873)	-
Notes and interest receivable, net	-	-	-	-	-	-	108,014
Notes and interest receivable, affiliates	-	-	-	-	-	(45,912)	204,050
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	34,036	3,252	-	91,588
Total other long-term assets	586	65,287	84,762	37,638	85,367	(111,785)	1,606,534
Total assets	\$ 8,086	\$ 253,390	\$ 452,451	\$ 621,794	\$ 491,388	\$ (731,280)	\$ 18,406,732

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 2,542	\$ -	\$ 34,012	\$ 52,111	\$ 15,195	\$ (9,953)	\$ 327,952
Due to affiliates	7,977	62,721	123,584	302,268	25,570	(538,418)	2,324,352
Accrued interest	-	-	-	-	759	-	2,660
Accrued interest, affiliates	-	-	1,784	-	-	-	1,784
Current portion of notes payable	-	-	-	-	5,395	-	590,909
Current portion of notes payable, affiliates	-	-	13,946	-	-	(64,150)	13,946
Deferred revenue and other liabilities	1	-	1,674	2,065	2,362	-	13,665
Tenant security deposits	-	-	6,800	8,584	4,940	-	70,864
Total current liabilities	10,520	62,721	181,800	365,028	54,221	(612,521)	3,346,132
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	15,793	-	81,208
Accrued interest, affiliates	-	-	-	1,540,777	54,306	(54,306)	1,540,777
Notes payable, less current portion, net	-	-	-	-	474,994	-	2,390,991
Notes payable, less current portion, affiliates	-	-	597,758	314,787	127,341	(4,425,041)	912,545
Deferred revenue and other liabilities	-	-	-	-	-	-	14,859
Total long-term liabilities	-	-	597,758	1,855,564	672,434	(4,479,347)	4,940,380
Total liabilities	10,520	62,721	779,558	2,220,592	726,655	(5,091,868)	8,286,512
Net assets							
Unrestricted net assets, controlling	(4,040,481)	190,669	(327,107)	(1,598,798)	(235,267)	4,360,588	3,952,425
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(4,040,481)	190,669	(327,107)	(1,598,798)	(235,267)	4,360,588	3,952,425
Temporarily restricted net assets	4,038,047	-	-	-	-	-	6,167,795
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(2,434)	190,669	(327,107)	(1,598,798)	(235,267)	4,360,588	10,120,220
Total liabilities and net assets	\$ 8,086	\$ 253,390	\$ 452,451	\$ 621,794	\$ 491,388	\$ (731,280)	\$ 18,406,732

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing Northwest - Idaho, Inc.	Eagle Senior Village, Inc.	Mercy Southeast Idaho, Inc. (Hamilton Court)	Mercy Moscow, Inc. (Hawthorne)	Independence Hill, Inc.	Mercy Housing Idaho NSP LLC	Boise Senior 202 Owner, LP (12th Street Senior)
Revenues							
Rent - net of vacancies	\$ -	\$ 89,965	\$ 214,280	\$ 281,920	\$ 97,582	\$ -	\$ 326,225
Developer fees	30,807	-	-	-	-	-	-
Services fees	28,054	-	-	-	-	-	-
Philanthropy	112,288	-	-	-	600	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	158,543	-	-	-	-	-	-
Interest	46,080	34	16,640	21	9	-	2
Other	90,766	930	7,255	7,694	90	-	3,910
Total revenues	<u>466,538</u>	<u>90,929</u>	<u>238,175</u>	<u>289,635</u>	<u>98,281</u>	<u>-</u>	<u>330,137</u>
Expenses and losses							
Compensation	284,377	40,498	43,369	98,349	24,347	-	77,942
Administrative	70,513	23,860	24,292	50,921	15,505	-	60,161
Professional services	33,794	9,165	10,275	36,969	9,165	-	11,835
Depreciation and amortization	-	48,534	21,566	65,199	52,772	-	433,907
Grants	47,407	-	-	-	-	-	-
Facility	6,114	37,141	72,261	88,159	49,761	-	121,664
Interest and fees	105,927	13	26,299	46	72	-	6,203
Bad debts	74,002	-	962	1,284	4,136	-	3,196
Provision for impaired assets	411,626	-	-	-	-	-	-
Project expenses	445	-	-	-	-	-	-
Allocation	235,224	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	<u>1,269,429</u>	<u>159,211</u>	<u>199,024</u>	<u>340,927</u>	<u>155,758</u>	<u>-</u>	<u>714,908</u>
Excess (deficiency) of revenues over expenses	(802,891)	(68,282)	39,151	(51,292)	(57,477)	-	(384,771)
Net assets at beginning of year	409,426	824,649	(211,457)	1,035,531	769,277	(161)	6,230,866
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ (393,465)</u>	<u>\$ 756,367</u>	<u>\$ (172,306)</u>	<u>\$ 984,239</u>	<u>\$ 711,800</u>	<u>\$ (161)</u>	<u>\$ 5,846,095</u>

Mercy Housing Northwest - Idaho, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ -	\$ -	\$ 128,528	\$ 142,959	\$ 116,082	\$ -	\$ 1,397,541
Developer fees	-	-	-	-	-	-	30,807
Services fees	7,500	20,967	-	-	-	(56,521)	-
Philanthropy	-	-	-	-	-	-	112,888
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	158,543
Interest	-	-	132	11	44	-	62,973
Other	-	-	1,737	4,275	1,349	(14,660)	103,346
Total revenues	<u>7,500</u>	<u>20,967</u>	<u>130,397</u>	<u>147,245</u>	<u>117,475</u>	<u>(71,181)</u>	<u>1,866,098</u>
Expenses and losses							
Compensation	-	-	40,242	52,215	27,266	-	688,605
Administrative	7,501	21,218	25,665	36,019	17,504	(28,438)	324,721
Professional services	678	678	9,327	3,229	8,365	(28,054)	105,426
Depreciation and amortization	-	-	35,296	51,214	40,866	(4,991)	744,363
Grants	-	-	-	-	-	-	47,407
Facility	-	-	65,750	85,513	45,876	-	572,239
Interest and fees	-	-	21,663	74,691	13,701	-	248,615
Bad debts	-	-	615	3,492	1,067	(18,002)	70,752
Provision for impaired assets	-	-	-	-	-	-	411,626
Project expenses	-	-	-	-	-	-	445
Allocation	-	-	-	-	-	-	235,224
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	38	1,212	-	-	-	(1,250)	-
Total expenses and losses	<u>8,217</u>	<u>23,108</u>	<u>198,558</u>	<u>306,373</u>	<u>154,645</u>	<u>(80,735)</u>	<u>3,449,423</u>
Excess (deficiency) of revenues over expenses	(717)	(2,141)	(68,161)	(159,128)	(37,170)	9,554	(1,583,325)
Net assets at beginning of year	(1,717)	192,810	(258,946)	(1,439,670)	(198,097)	4,246,216	11,598,727
Other transfers to (from) net assets	-	-	-	-	-	104,818	104,818
Net assets at end of year	<u>\$ (2,434)</u>	<u>\$ 190,669</u>	<u>\$ (327,107)</u>	<u>\$ (1,598,798)</u>	<u>\$ (235,267)</u>	<u>\$ 4,360,588</u>	<u>\$ 10,120,220</u>

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	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartment Corp.	111th and Wentworth Limited Partnership (Wentworth Commons)	Belray Apartments Corporation
Assets							
Current assets							
Cash and cash equivalents	\$ 4,649,641	\$ 678,814	\$ 281,620	\$ 215,619	\$ -	\$ 38,726	\$ -
Cash, tenant security deposits	-	29,671	19,686	9,547	-	13,686	-
Cash, restricted	1,822,178	250	250	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	46,682	32,428	10,868	69,250	-	31,188	-
Due from affiliate, net	1,415,584	62	-	279	-	5,084	5,458
Pledges receivable, net	271,475	-	-	-	-	-	-
Grants receivable	775,718	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	2,259,081	-	-	-	-	-	-
Prepaid expenses and other assets	85,700	45,595	37,727	17,284	-	16,488	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>11,326,059</u>	<u>786,820</u>	<u>350,151</u>	<u>311,979</u>	<u>-</u>	<u>105,172</u>	<u>5,458</u>
Property and equipment							
Land and land improvements	174,915	179,452	86,999	54,100	-	823,255	-
Buildings	516,847	7,515,163	4,856,524	1,838,063	-	8,307,156	-
Furniture and equipment	64,092	167,405	82,209	10,565	-	511,830	-
Predevelopment project costs	3,684,497	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(288,153)	(2,309,043)	(1,499,341)	(611,696)	-	(3,954,995)	-
Net property and equipment	<u>4,152,198</u>	<u>5,552,977</u>	<u>3,526,391</u>	<u>1,291,032</u>	<u>-</u>	<u>5,687,246</u>	<u>-</u>
Other long-term assets							
Restricted property reserves	-	933,042	1,911,946	447,780	-	234,431	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	3,635,311	-	-	-	-	-	-
Pledges receivable, net	75,000	-	-	-	-	-	-
Investments in limited partnerships, net	1,490,803	-	-	-	981,835	-	239,359
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	10,044,669	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	145,470	146,543	101,495	-	33,652	-
Total other long-term assets	<u>15,245,783</u>	<u>1,078,512</u>	<u>2,058,489</u>	<u>549,275</u>	<u>981,835</u>	<u>268,083</u>	<u>239,359</u>
Total assets	<u>\$ 30,724,040</u>	<u>\$ 7,418,309</u>	<u>\$ 5,935,031</u>	<u>\$ 2,152,286</u>	<u>\$ 981,835</u>	<u>\$ 6,060,501</u>	<u>\$ 244,817</u>

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	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartment Corp.	111th and Wentworth Limited Partnership (Wentworth Commons)	Belray Apartments Corporation
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 876,918	\$ 222,331	\$ 90,122	\$ 62,390	\$ -	\$ 43,335	\$ 35
Due to affiliates	276,204	41,959	24,781	14,186	62,190	-	70,231
Accrued interest	-	10,605	9,889	4,642	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	1,420,914	64,853	67,068	28,460	-	-	-
Current portion of notes payable, affiliates	5,901,810	-	-	46,872	-	-	-
Deferred revenue and other liabilities	233,087	4,473	4,574	3,771	-	2,826	1
Tenant security deposits	-	29,162	19,374	9,019	-	13,186	-
Total current liabilities	8,708,933	373,383	215,808	169,340	62,190	59,347	70,267
Long-term liabilities							
Due to affiliates	-	-	-	-	982,369	-	300,250
Accrued interest	-	57,886	4,072	-	-	-	-
Accrued interest, affiliates	-	351,870	180,619	19,210	-	-	-
Notes payable, less current portion, net	7,723,396	5,627,975	4,715,583	1,323,471	-	-	-
Notes payable, less current portion, affiliates	-	720,210	473,012	481,043	-	6,473,396	-
Deferred revenue and other liabilities	600,018	9,564	6,180	3,240	-	-	-
Total long-term liabilities	8,323,414	6,767,505	5,379,466	1,826,964	982,369	6,473,396	300,250
Total liabilities	17,032,347	7,140,888	5,595,274	1,996,304	1,044,559	6,532,743	370,517
Net assets							
Unrestricted net assets, controlling	8,398,071	277,421	339,757	155,982	(62,724)	(472,242)	(125,700)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	8,398,071	277,421	339,757	155,982	(62,724)	(472,242)	(125,700)
Temporarily restricted net assets	4,918,622	-	-	-	-	-	-
Permanently restricted net assets	375,000	-	-	-	-	-	-
Total net assets	13,691,693	277,421	339,757	155,982	(62,724)	(472,242)	(125,700)
Total liabilities and net assets	\$ 30,724,040	\$ 7,418,309	\$ 5,935,031	\$ 2,152,286	\$ 981,835	\$ 6,060,501	\$ 244,817

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	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)
Assets							
Current assets							
Cash and cash equivalents	\$ 296,121	\$ -	\$ 1,226	\$ 229,198	\$ 2,421	\$ -	\$ 40,545
Cash, tenant security deposits	11,784	-	7,847	21,186	6,411	-	8,914
Cash, restricted	320,883	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	9,801	2,010	6,697	-	1,329
Due from affiliate, net	-	10,129	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	20,701	-	18,284	40,676	19,190	-	19,961
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>649,489</u>	<u>10,129</u>	<u>37,158</u>	<u>293,070</u>	<u>34,719</u>	<u>-</u>	<u>70,749</u>
Property and equipment							
Land and land improvements	182,045	-	65,063	103,750	65,000	-	295,356
Buildings	3,397,427	-	2,543,131	6,043,099	2,392,942	-	8,380,450
Furniture and equipment	115,235	-	137,546	255,442	62,448	-	419,586
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	<u>(2,456,009)</u>	<u>-</u>	<u>(2,062,949)</u>	<u>(4,587,092)</u>	<u>(1,655,912)</u>	<u>-</u>	<u>(4,567,615)</u>
Net property and equipment	<u>1,238,698</u>	<u>-</u>	<u>682,791</u>	<u>1,815,199</u>	<u>864,478</u>	<u>-</u>	<u>4,527,777</u>
Other long-term assets							
Restricted property reserves	455,495	-	257,357	1,175,805	24,914	-	819,635
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	413,840	-	-	-	355,283	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>194</u>	<u>-</u>	<u>3,074</u>	<u>8,233</u>	<u>216</u>	<u>-</u>	<u>14,415</u>
Total other long-term assets	<u>455,689</u>	<u>413,840</u>	<u>260,431</u>	<u>1,184,038</u>	<u>25,130</u>	<u>355,283</u>	<u>834,050</u>
Total assets	<u>\$ 2,343,876</u>	<u>\$ 423,969</u>	<u>\$ 980,380</u>	<u>\$ 3,292,307</u>	<u>\$ 924,327</u>	<u>\$ 355,283</u>	<u>\$ 5,432,576</u>

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	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)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 42,410	\$ -	\$ 46,360	\$ 60,577	\$ 103,563	\$ -	\$ 87,331
Due to affiliates	5,458	347,286	43,953	71,529	68,186	92,635	-
Accrued interest	-	-	-	-	297	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	6,000	-	55,152	98,772	24,360	-	2,400
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	5,486	1	2,760	6,978	767	-	2,576
Tenant security deposits	11,260	-	7,251	22,046	5,517	-	9,457
Total current liabilities	70,614	347,287	155,476	259,902	202,690	92,635	101,764
Long-term liabilities							
Due to affiliates	-	504,204	-	-	-	354,265	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	3,252,947	-	624,861	2,149,034	280,565	-	4,345,242
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	3,252,947	504,204	624,861	2,149,034	280,565	354,265	4,345,242
Total liabilities	3,323,561	851,491	780,337	2,408,936	483,255	446,900	4,447,006
Net assets							
Unrestricted net assets, controlling	(979,685)	(427,522)	200,043	883,371	441,072	(91,617)	985,570
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(979,685)	(427,522)	200,043	883,371	441,072	(91,617)	985,570
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(979,685)	(427,522)	200,043	883,371	441,072	(91,617)	985,570
Total liabilities and net assets	\$ 2,343,876	\$ 423,969	\$ 980,380	\$ 3,292,307	\$ 924,327	\$ 355,283	\$ 5,432,576

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	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)	Near North Apartments Corp., NFP	Near North Limited Partnership (Schiff Residences)	Malden Arms Corp. II, NFP
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 512,266	\$ -	\$ 16,506	\$ -	\$ 82,684	\$ -
Cash, tenant security deposits	-	50,161	-	34,042	-	12,866	-
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	52,199	-	73,074	-	144,798	17,000
Due from affiliate, net	67,355	8,000	12,966	8,000	6,371	100	96,500
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	-	39,186	-	39,360	-	28,651	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	67,355	661,812	12,966	170,982	6,371	269,099	113,500
Property and equipment							
Land and land improvements	-	881,175	-	125,000	-	4,276,912	-
Buildings	-	14,819,402	-	5,897,718	-	12,587,553	-
Furniture and equipment	-	454,870	-	355,975	-	488,818	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(8,178,462)	-	(4,707,326)	-	(4,223,799)	-
Net property and equipment	-	7,976,985	-	1,671,367	-	13,129,484	-
Other long-term assets							
Restricted property reserves	-	4,114,028	-	224,393	-	942,612	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	263,021	-	(84,617)	-	5,379,120	-	512,865
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	21,281	-	2,880	-	42,274	-
Total other long-term assets	263,021	4,135,309	(84,617)	227,273	5,379,120	984,886	512,865
Total assets	\$ 330,376	\$ 12,774,106	\$ (71,651)	\$ 2,069,622	\$ 5,385,491	\$ 14,383,469	\$ 626,365

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	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)	Near North Apartments Corp., NFP	Near North Limited Partnership (Schiff Residences)	Malden Arms Corp. II, NFP
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 156,682	\$ -	\$ 122,149	\$ 94	\$ 92,784	\$ -
Due to affiliates	143,586	98,269	142,654	158,140	32,868	21,996	102,202
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	1,200	-	-	-	1,200	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	24,779	(1)	2,676	(1)	7,198	(1)
Tenant security deposits	-	48,583	-	32,691	-	12,366	-
Total current liabilities	143,586	329,513	142,653	315,656	32,961	135,544	102,201
Long-term liabilities							
Due to affiliates	263,620	461,302	-	-	-	-	-
Accrued interest	-	2,641,408	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	516,780	13,167
Notes payable, less current portion, net	-	8,379,298	-	4,712,865	-	3,239,800	-
Notes payable, less current portion, affiliates	-	1,080,500	-	-	-	2,922,000	3,525
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	263,620	12,562,508	-	4,712,865	-	6,678,580	16,692
Total liabilities	407,206	12,892,021	142,653	5,028,521	32,961	6,814,124	118,893
Net assets							
Unrestricted net assets, controlling	(76,830)	(117,915)	(214,304)	(2,958,899)	5,352,530	7,569,345	507,472
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(76,830)	(117,915)	(214,304)	(2,958,899)	5,352,530	7,569,345	507,472
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(76,830)	(117,915)	(214,304)	(2,958,899)	5,352,530	7,569,345	507,472
Total liabilities and net assets	\$ 330,376	\$ 12,774,106	\$ (71,651)	\$ 2,069,622	\$ 5,385,491	\$ 14,383,469	\$ 626,365

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	Malden Limited Partnership II (Malden Arms II)	Englewood Apartments, NFP	901 West 63rd Limited Partnership (Englewood Apartments)	Countryside Seniors, LLC	Countryside Seniors Apartments, LP (Countryside Apartments)	Johnston Center MM, LLC	Johnston Center Re- Use, LLC
Assets							
Current assets							
Cash and cash equivalents	\$ 54,630	\$ -	\$ 280,963	\$ -	\$ 16,890	\$ -	\$ 92,542
Cash, tenant security deposits	20,923	-	11,881	-	45,050	-	22,047
Cash, restricted	-	-	-	-	-	-	30,581
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	61,021	-	52,833	-	-	-	5,022
Due from affiliate, net	4,840	18,000	-	15,000	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	22,316	-	20,314	-	22,678	-	20,206
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>163,730</u>	<u>18,000</u>	<u>365,991</u>	<u>15,000</u>	<u>84,618</u>	<u>-</u>	<u>170,398</u>
Property and equipment							
Land and land improvements	670,314	-	1,432,081	-	2,599,688	-	492,159
Buildings	4,340,388	-	15,697,619	-	11,928,568	-	11,686,784
Furniture and equipment	229,662	-	368,721	-	234,156	-	332,472
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(1,129,915)	-	(2,779,852)	-	(2,275,222)	-	(2,073,713)
Net property and equipment	<u>4,110,449</u>	<u>-</u>	<u>14,718,569</u>	<u>-</u>	<u>12,487,190</u>	<u>-</u>	<u>10,437,702</u>
Other long-term assets							
Restricted property reserves	2,388,067	-	1,059,135	-	284,263	-	961,091
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	2,599,717	-	2,515,847	-	(163)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	490,406	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	<u>32,763</u>	<u>-</u>	<u>56,633</u>	<u>-</u>	<u>83,944</u>	<u>-</u>	<u>127,517</u>
Total other long-term assets	<u>2,420,830</u>	<u>2,599,717</u>	<u>1,115,768</u>	<u>3,006,253</u>	<u>368,207</u>	<u>(163)</u>	<u>1,088,608</u>
Total assets	<u>\$ 6,695,009</u>	<u>\$ 2,617,717</u>	<u>\$ 16,200,328</u>	<u>\$ 3,021,253</u>	<u>\$ 12,940,015</u>	<u>\$ (163)</u>	<u>\$ 11,696,708</u>

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	Malden Limited Partnership II (Malden Arms II)	Englewood Apartments, NFP	901 West 63rd Limited Partnership (Englewood Apartments)	Countryside Seniors, LLC	Countryside Seniors Apartments, LP (Countryside Apartments)	Johnston Center MM, LLC	Johnston Center Re- Use, LLC
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 53,984	\$ -	\$ 723,362	\$ -	\$ 164,506	\$ -	\$ 144,740
Due to affiliates	101,262	34,358	298,244	26,187	90,304	9,633	-
Accrued interest	-	-	1,546	-	7,479	-	-
Accrued interest, affiliates	-	-	27,881	-	-	-	-
Current portion of notes payable	1,200	-	42,328	-	15,858	-	-
Current portion of notes payable, affiliates	-	-	-	-	10,236	-	-
Deferred revenue and other liabilities	4,199	-	3,948	-	703	1	1,954
Tenant security deposits	20,427	-	11,779	-	45,684	-	22,918
Total current liabilities	181,072	34,358	1,109,088	26,187	334,770	9,634	169,612
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	222,189	-	-	-	129,481	-	-
Accrued interest, affiliates	90,689	-	-	-	34,909	-	415,953
Notes payable, less current portion, net	2,428,413	-	1,812,813	-	4,536,655	-	1,825,586
Notes payable, less current portion, affiliates	576,000	2,000,000	1,118,485	-	590,326	-	2,403,500
Deferred revenue and other liabilities	1,150,262	-	449,097	-	-	-	38,976
Total long-term liabilities	4,467,553	2,000,000	3,380,395	-	5,291,371	-	4,684,015
Total liabilities	4,648,625	2,034,358	4,489,483	26,187	5,626,141	9,634	4,853,627
Net assets							
Unrestricted net assets, controlling	2,046,384	583,359	11,710,845	2,995,066	7,313,874	(9,797)	6,843,081
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	2,046,384	583,359	11,710,845	2,995,066	7,313,874	(9,797)	6,843,081
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	2,046,384	583,359	11,710,845	2,995,066	7,313,874	(9,797)	6,843,081
Total liabilities and net assets	\$ 6,695,009	\$ 2,617,717	\$ 16,200,328	\$ 3,021,253	\$ 12,940,015	\$ (163)	\$ 11,696,708

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2014

	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
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 439,651	\$ -	\$ 76,107	\$ -	\$ 12,020	\$ 15,019
Cash, tenant security deposits	-	98,882	-	35,393	-	48,038	-
Cash, restricted	-	850	-	2,703	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	77,740	-	1,632	-	80,219	-
Due from affiliate, net	26,354	1,061,422	46,777	-	-	-	-
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	-	62,931	-	20,676	-	93,085	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	26,354	1,741,476	46,777	136,511	-	233,362	15,019
Property and equipment							
Land and land improvements	-	4,575,852	-	2,113,338	-	1,821,876	-
Buildings	-	54,557,885	-	17,206,860	-	23,963,125	-
Furniture and equipment	-	209,029	-	332,223	-	938,732	-
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(7,605,904)	-	(1,211,600)	-	(1,499,120)	-
Net property and equipment	-	51,736,862	-	18,440,821	-	25,224,613	-
Other long-term assets							
Restricted property reserves	-	3,261,936	-	459,004	-	3,714,908	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	7,380,293	-	(110)	-	128,442	-	(6,047,238)
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	1,419,797	-	484,506	-	998,664	-
Total other long-term assets	7,380,293	4,681,733	(110)	943,510	128,442	4,713,572	(6,047,238)
Total assets	\$ 7,406,647	\$ 58,160,071	\$ 46,667	\$ 19,520,842	\$ 128,442	\$ 30,171,547	\$ (6,032,219)

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2014

	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
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 257,356	\$ -	\$ 161,015	\$ -	\$ 1,486,824	\$ -
Due to affiliates	40,006	1,159,241	54,472	15,333	12,252	473,654	-
Accrued interest	-	532,824	-	-	-	-	-
Accrued interest, affiliates	-	-	-	20,074	-	-	-
Current portion of notes payable	-	470,000	-	9,192	-	146,801	-
Current portion of notes payable, affiliates	-	-	-	35,965	-	549,325	-
Deferred revenue and other liabilities	-	23,640	-	447	(1)	7,787	-
Tenant security deposits	-	98,560	-	34,893	-	46,736	-
Total current liabilities	40,006	2,541,621	54,472	276,919	12,251	2,711,127	-
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	24,194	-
Accrued interest, affiliates	-	785,992	-	71,836	-	100,969	-
Notes payable, less current portion, net	-	32,275,320	-	866,163	-	12,418,692	-
Notes payable, less current portion, affiliates	4,381,647	4,263,520	-	250,926	-	3,496,694	-
Deferred revenue and other liabilities	-	4,490,412	-	914,407	-	1,876,286	-
Total long-term liabilities	4,381,647	41,815,244	-	2,103,332	-	17,916,835	-
Total liabilities	4,421,653	44,356,865	54,472	2,380,251	12,251	20,627,962	-
Net assets							
Unrestricted net assets, controlling	568,327	13,803,206	(7,805)	17,140,591	116,191	9,543,585	(6,032,219)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	568,327	13,803,206	(7,805)	17,140,591	116,191	9,543,585	(6,032,219)
Temporarily restricted net assets	2,416,667	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	2,984,994	13,803,206	(7,805)	17,140,591	116,191	9,543,585	(6,032,219)
Total liabilities and net assets	\$ 7,406,647	\$ 58,160,071	\$ 46,667	\$ 19,520,842	\$ 128,442	\$ 30,171,547	\$ (6,032,219)

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2014

	MHL Keating MM, LLC	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.	SC Residence MM, LLC	SC Residence, LLC (McAuley Apartments)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ -	\$ 14,247	\$ 157,154	\$ 48,162	\$ 1,383	\$ 78,928
Cash, tenant security deposits	-	-	-	45,244	-	-	16,224
Cash, restricted	-	5,107	-	-	27,200	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	-	12,469	43,073	-	6,128
Due from affiliate, net	-	-	17,347	22,012	29,260	-	-
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	-	2,967	-	15,808	20,937	-	9,043
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	-	8,074	31,594	252,687	168,632	1,383	110,323
Property and equipment							
Land and land improvements	-	2,500,000	-	528,550	174,944	-	400,000
Buildings	-	-	-	5,595,961	4,051,996	-	4,220,669
Furniture and equipment	-	-	-	109,861	825,129	-	257,148
Predevelopment project costs	-	1,687,182	-	-	-	-	-
Construction in progress	-	-	-	272,381	-	-	-
Accumulated depreciation	-	-	-	(232,762)	(3,173,115)	-	(1,255,764)
Net property and equipment	-	4,187,182	-	6,273,991	1,878,954	-	3,622,053
Other long-term assets							
Restricted property reserves	-	-	-	825,343	5,170	-	252,888
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	353,657	-	600,537	(115)	-
Notes and interest receivable, net	-	-	-	-	75,000	-	-
Notes and interest receivable, affiliates	-	-	-	-	564,776	662,439	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	23,252	-	-	-	-	18,671
Total other long-term assets	-	23,252	353,657	825,343	1,245,483	662,324	271,559
Total assets	\$ -	\$ 4,218,508	\$ 385,251	\$ 7,352,021	\$ 3,293,069	\$ 663,707	\$ 4,003,935

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2014

	MHL Keating MM, LLC	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.	SC Residence MM, LLC	SC Residence, LLC (McAuley Apartments)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 5,471	\$ -	\$ 248,250	\$ 131,896	\$ -	\$ 78,379
Due to affiliates	3,090	4,686	30,259	35,264	49,039	1,014	29,260
Accrued interest	-	-	-	-	-	-	3,420
Accrued interest, affiliates	-	-	-	-	-	-	24,715
Current portion of notes payable	-	2,575,000	-	-	-	-	44,429
Current portion of notes payable, affiliates	-	1,635,936	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	19,600	6,161	-	2,127
Tenant security deposits	-	-	-	44,547	27,200	-	15,724
Total current liabilities	3,090	4,221,093	30,259	347,661	214,296	1,014	198,054
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	19,941
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	-	-	771,760
Notes payable, less current portion, affiliates	-	-	-	-	-	-	1,186,502
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	-	-	-	-	-	-	1,978,203
Total liabilities	3,090	4,221,093	30,259	347,661	214,296	1,014	2,176,257
Net assets							
Unrestricted net assets, controlling	(3,090)	(2,585)	354,992	7,004,360	2,970,652	662,693	1,827,678
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(3,090)	(2,585)	354,992	7,004,360	2,970,652	662,693	1,827,678
Temporarily restricted net assets	-	-	-	-	106,121	-	-
Permanently restricted net assets	-	-	-	-	2,000	-	-
Total net assets	(3,090)	(2,585)	354,992	7,004,360	3,078,773	662,693	1,827,678
Total liabilities and net assets	\$ -	\$ 4,218,508	\$ 385,251	\$ 7,352,021	\$ 3,293,069	\$ 663,707	\$ 4,003,935

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2014

	Roseland Place Inc., NFP	Roseland Place Limited Partnership	Mercy River West Commons Elgin LLC	Eliminations	Consolidated Mercy Housing Lakefront
Assets					
Current assets					
Cash and cash equivalents	\$ -	\$ 62,423	\$ 33,386	\$ -	\$ 8,428,892
Cash, tenant security deposits	-	15,605	-	-	585,088
Cash, restricted	-	-	567,553	-	2,777,555
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	605	15,275	(272,063)	581,278
Due from affiliate, net	-	-	-	(2,871,285)	5,615
Pledges receivable, net	-	-	-	-	271,475
Grants receivable	-	-	-	-	775,718
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	(2,219,081)	40,000
Prepaid expenses and other assets	-	101,594	12,946	-	854,304
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	-	180,227	629,160	(5,362,429)	14,319,925
Property and equipment					
Land and land improvements	-	1,550,234	1,272,654	(1,202,791)	26,241,921
Buildings	-	14,514,178	6,257,360	(14,767,700)	238,349,168
Furniture and equipment	-	478,774	38,460	-	7,480,388
Predevelopment project costs	-	-	-	-	5,371,679
Construction in progress	-	-	250,012	(21,072)	501,321
Accumulated depreciation	-	(1,967,232)	(139,271)	1,562,198	(64,883,664)
Net property and equipment	-	14,575,954	7,679,215	(14,429,365)	213,060,813
Other long-term assets					
Restricted property reserves	-	751,093	52,500	-	25,556,836
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	(3,635,311)	-
Pledges receivable, net	-	-	-	-	75,000
Investments in limited partnerships, net	9,243,653	-	-	(28,254,942)	(1,928,913)
Notes and interest receivable, net	-	-	-	-	75,000
Notes and interest receivable, affiliates	1,079,506	-	-	(12,841,796)	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	571,221	70,339	-	4,407,034
Total other long-term assets	10,323,159	1,322,314	122,839	(44,732,049)	28,184,957
Total assets	\$ 10,323,159	\$ 16,078,495	\$ 8,431,214	\$ (64,523,843)	\$ 255,565,695

Mercy Housing Lakefront
Consolidating Statement of Financial Position
December 31, 2014

	Roseland Place Inc., NFP	Roseland Place Limited Partnership	Mercy River West Commons Elgin LLC	Eliminations	Consolidated Mercy Housing Lakefront
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 117,049	\$ 169,307	\$ (89,836)	\$ 5,659,384
Due to affiliates	170	-	6,875	(3,773,634)	519,282
Accrued interest	-	-	23,021	-	593,723
Accrued interest, affiliates	-	-	-	(72,670)	-
Current portion of notes payable	-	-	-	(20,772)	5,054,415
Current portion of notes payable, affiliates	-	-	-	(2,278,335)	5,901,809
Deferred revenue and other liabilities	-	14,064	5,086	-	391,666
Tenant security deposits	-	15,105	-	-	603,485
Total current liabilities	170	146,218	204,289	(6,235,247)	18,723,764
Long-term liabilities					
Due to affiliates	-	-	-	(2,866,010)	-
Accrued interest	-	-	-	(19,941)	3,079,230
Accrued interest, affiliates	-	673,404	-	(3,255,398)	-
Notes payable, less current portion, net	-	-	8,500,000	-	111,810,439
Notes payable, less current portion, affiliates	-	1,758,440	-	(34,179,726)	-
Deferred revenue and other liabilities	-	-	9,406	(7,111,030)	2,436,818
Total long-term liabilities	-	2,431,844	8,509,406	(47,432,105)	117,326,487
Total liabilities	170	2,578,062	8,713,695	(53,667,352)	136,050,251
Net assets					
Unrestricted net assets, controlling	1,217,697	13,500,433	(282,481)	(10,856,491)	102,591,742
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	1,217,697	13,500,433	(282,481)	(10,856,491)	102,591,742
Temporarily restricted net assets	9,105,292	-	-	-	16,546,702
Permanently restricted net assets	-	-	-	-	377,000
Total net assets	10,322,989	13,500,433	(282,481)	(10,856,491)	119,515,444
Total liabilities and net assets	\$ 10,323,159	\$ 16,078,495	\$ 8,431,214	\$ (64,523,843)	\$ 255,565,695

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing Lakefront	Lavergne Courts, LLC	Washington Courts, LLC	Whitmore Apartments, LLC	111th & Wentworth Apartment Corp.	111th and Wentworth Limited Partnership (Wentworth Commons)	Belray Apartments Corporation
Revenues							
Rent - net of vacancies	\$ -	\$ 1,990,229	\$ 1,346,037	\$ 776,204	\$ -	\$ 438,693	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	734,944	-	-	-	-	-	5,375
Philanthropy	6,326,830	-	-	-	-	-	-
Capital grants	673,765	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	699,647	667	1,086	445	-	-	-
Other	1,723,433	3,444	6,371	(112,743)	-	70,723	-
Total revenues	10,158,619	1,994,340	1,353,494	663,906	-	509,416	5,375
Expenses and losses							
Compensation	4,975,855	391,755	264,569	85,677	-	148,391	-
Administrative	609,577	237,653	144,135	88,714	37	62,144	5,530
Professional services	479,965	115,595	129,800	46,311	833	20,001	833
Depreciation and amortization	25,505	373,085	206,957	97,350	-	325,006	-
Grants	1,389,286	-	-	-	-	-	-
Facility	175,039	671,586	465,835	332,925	-	284,449	-
Interest and fees	96,859	215,993	165,747	95,295	-	1,205	-
Bad debts	392,086	2,294	12,299	1,131	-	233	-
Provision for impaired assets	1,783,551	-	-	-	-	-	-
Project expenses	266,688	-	-	-	-	-	-
Allocation	1,877,650	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	170,466	-	-	-	33	-	872
Total expenses and losses	12,242,527	2,007,961	1,389,342	747,403	903	841,429	7,235
Excess (deficiency) of revenues over expenses	(2,083,908)	(13,621)	(35,848)	(83,497)	(903)	(332,013)	(1,860)
Net assets at beginning of year	15,775,601	167,217	412,100	251,441	(61,821)	(140,229)	(123,840)
Other transfers to (from) net assets	-	123,825	(36,495)	(11,962)	-	-	-
Net assets at end of year	\$ 13,691,693	\$ 277,421	\$ 339,757	\$ 155,982	\$ (62,724)	\$ (472,242)	\$ (125,700)

Mercy Housing Lakefront
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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)
Revenues							
Rent - net of vacancies	\$ 523,640	\$ -	\$ 531,770	\$ 1,192,355	\$ 458,860	\$ -	\$ 439,717
Developer fees	-	-	-	-	-	-	-
Services fees	-	10,129	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	455	-	-	8,018	-	-	10
Other	19,831	-	2,775	14,629	3,105	-	15,182
Total revenues	<u>543,926</u>	<u>10,129</u>	<u>534,545</u>	<u>1,215,002</u>	<u>461,965</u>	<u>-</u>	<u>454,909</u>
Expenses and losses							
Compensation	189,627	-	192,063	244,940	153,976	-	144,370
Administrative	74,507	10,130	85,177	195,892	67,994	155	88,616
Professional services	23,521	989	22,646	154,083	20,773	833	39,624
Depreciation and amortization	110,513	-	92,459	225,709	86,543	-	325,934
Grants	-	-	-	-	-	-	-
Facility	229,516	-	249,705	447,510	234,791	-	266,735
Interest and fees	2,433	-	1,869	1	3,690	-	139
Bad debts	1,015	-	2,113	15,071	2,716	-	4,347
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	2,882	-	-	-	415	-
Total expenses and losses	<u>631,132</u>	<u>14,001</u>	<u>646,032</u>	<u>1,283,206</u>	<u>570,483</u>	<u>1,403</u>	<u>869,765</u>
Excess (deficiency) of revenues over expenses	(87,206)	(3,872)	(111,487)	(68,204)	(108,518)	(1,403)	(414,856)
Net assets at beginning of year	(892,479)	(423,650)	311,530	1,045,617	549,590	(90,214)	1,400,426
Other transfers to (from) net assets	-	-	-	(94,042)	-	-	-
Net assets at end of year	<u>\$ (979,685)</u>	<u>\$ (427,522)</u>	<u>\$ 200,043</u>	<u>\$ 883,371</u>	<u>\$ 441,072</u>	<u>\$ (91,617)</u>	<u>\$ 985,570</u>

Mercy Housing Lakefront
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	South Loop Apartments Corporation	South Loop Limited Partnership (South Loop Apartments)	Winthrop Apartments Corporation	5042 Winthrop Limited Partnership (Delmar Apartments)	Near North Apartments Corp., NFP	Near North Limited Partnership (Schiff Residences)	Malden Arms Corp. II, NFP
Revenues							
Rent - net of vacancies	\$ -	\$ 799,436	\$ -	\$ 660,114	\$ -	\$ 835,510	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	33,301	-	10,534	-	100,893	-	20,000
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	27,991	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	298	-	-	-	1	-
Other	-	64,622	-	64,715	-	8,756	-
Total revenues	<u>33,301</u>	<u>864,356</u>	<u>10,534</u>	<u>752,820</u>	<u>100,893</u>	<u>844,267</u>	<u>20,000</u>
Expenses and losses							
Compensation	-	279,260	-	259,853	-	218,394	-
Administrative	33,456	176,475	10,534	149,835	100,929	204,897	19,982
Professional services	833	98,947	833	40,372	833	52,718	833
Depreciation and amortization	-	553,478	-	213,239	-	478,956	-
Grants	-	-	-	-	-	-	-
Facility	-	546,500	-	441,259	-	392,125	-
Interest and fees	-	176,219	-	970	-	60,925	123
Bad debts	-	30,590	-	27,549	-	2,983	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	100	-	3,803	-	57	-	25
Total expenses and losses	<u>34,389</u>	<u>1,861,469</u>	<u>15,170</u>	<u>1,133,077</u>	<u>101,819</u>	<u>1,410,998</u>	<u>20,963</u>
Excess (deficiency) of revenues over expenses	(1,088)	(997,113)	(4,636)	(380,257)	(926)	(566,731)	(963)
Net assets at beginning of year	(75,742)	726,481	(209,668)	(2,578,642)	5,353,456	8,144,960	508,435
Other transfers to (from) net assets	-	152,717	-	-	-	(8,884)	-
Net assets at end of year	<u>\$ (76,830)</u>	<u>\$ (117,915)</u>	<u>\$ (214,304)</u>	<u>\$ (2,958,899)</u>	<u>\$ 5,352,530</u>	<u>\$ 7,569,345</u>	<u>\$ 507,472</u>

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	Malden Limited Partnership II (Malden Arms II)	Englewood Apartments, NFP	901 West 63rd Limited Partnership (Englewood Apartments)	Countryside Seniors, LLC	Countryside Seniors Apartments, LP (Countryside Apartments)	Johnston Center MM, LLC	Johnston Center Re- Use, LLC
Revenues							
Rent - net of vacancies	\$ 505,281	\$ -	\$ 839,743	\$ -	\$ 513,562	\$ -	\$ 693,727
Developer fees	-	-	-	-	-	-	-
Services fees	-	41,000	-	5,000	-	2,039	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	1,647
Consulting	-	-	-	-	-	-	-
Interest	16,960	-	11	-	344	-	366
Other	5,084	-	324,761	-	4,939	-	46,543
Total revenues	<u>527,325</u>	<u>41,000</u>	<u>1,164,515</u>	<u>5,000</u>	<u>518,845</u>	<u>2,039</u>	<u>742,283</u>
Expenses and losses							
Compensation	188,839	-	225,438	-	113,172	-	155,097
Administrative	94,172	41,000	160,173	5,001	79,684	6,129	110,788
Professional services	19,531	2,779	28,712	2,779	16,684	703	69,225
Depreciation and amortization	170,748	-	648,786	-	538,269	-	492,708
Grants	-	-	-	-	-	-	-
Facility	247,268	-	326,744	-	239,262	-	371,989
Interest and fees	50,633	-	84,244	-	136,416	-	100,212
Bad debts	6,006	-	3,784	-	-	-	1,308
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	31	-	60	-	56	-
Total expenses and losses	<u>777,197</u>	<u>43,810</u>	<u>1,477,881</u>	<u>7,840</u>	<u>1,123,487</u>	<u>6,888</u>	<u>1,301,327</u>
Excess (deficiency) of revenues over expenses	(249,872)	(2,810)	(313,366)	(2,840)	(604,642)	(4,849)	(559,044)
Net assets at beginning of year	2,296,256	586,169	12,024,211	2,997,906	7,918,516	(4,948)	7,367,077
Other transfers to (from) net assets	-	-	-	-	-	-	35,048
Net assets at end of year	<u>\$ 2,046,384</u>	<u>\$ 583,359</u>	<u>\$ 11,710,845</u>	<u>\$ 2,995,066</u>	<u>\$ 7,313,874</u>	<u>\$ (9,797)</u>	<u>\$ 6,843,081</u>

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	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
Revenues							
Rent - net of vacancies	\$ -	\$ 4,306,796	\$ -	\$ 629,261	\$ -	\$ 2,350,889	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	13,750	-	22,824	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	2,196	-	29	-	206	-
Other	-	66,841	-	110,400	26,184	8,572	-
Total revenues	<u>13,750</u>	<u>4,375,833</u>	<u>22,824</u>	<u>739,690</u>	<u>26,184</u>	<u>2,359,667</u>	<u>-</u>
Expenses and losses							
Compensation	-	739,388	-	134,890	-	521,649	-
Administrative	13,750	280,641	22,823	110,344	409	129,074	309
Professional services	2,815	64,432	2,779	42,828	2,779	29,229	678
Depreciation and amortization	-	2,105,079	-	601,908	-	753,274	-
Grants	-	-	-	-	-	-	-
Facility	-	1,257,717	-	283,196	-	985,664	-
Interest and fees	-	1,435,103	-	162,375	-	454,421	-
Bad debts	-	214	-	276	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	151	-	60	-	51	-	590,958
Total expenses and losses	<u>16,716</u>	<u>5,882,574</u>	<u>25,662</u>	<u>1,335,817</u>	<u>3,239</u>	<u>2,873,311</u>	<u>591,945</u>
Excess (deficiency) of revenues over expenses	(2,966)	(1,506,741)	(2,838)	(596,127)	22,945	(513,644)	(591,945)
Net assets at beginning of year	2,987,960	15,309,947	(4,967)	8,539,892	93,246	6,024,769	(5,440,274)
Other transfers to (from) net assets	-	-	-	9,196,826	-	4,032,460	-
Net assets at end of year	<u>\$ 2,984,994</u>	<u>\$ 13,803,206</u>	<u>\$ (7,805)</u>	<u>\$ 17,140,591</u>	<u>\$ 116,191</u>	<u>\$ 9,543,585</u>	<u>\$ (6,032,219)</u>

Mercy Housing Lakefront
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	MHL Keating MM, LLC	The Keating Building Little Village LLC	2000 Illinois Aurora MM, LLC	2000 Illinois Aurora, LLC	St. Catherine Residence, Inc.	SC Residence MM, LLC	SC Residence, LLC (McAuley Apartments)
Revenues							
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ 1,053,566	\$ 652,476	\$ -	\$ 350,756
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	10,813	-	-	-	-
Philanthropy	-	-	-	-	844	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	-	-	-	43,797	15,833	55
Other	-	-	-	23,575	326,316	-	4,452
Total revenues	-	-	10,813	1,077,141	1,023,433	15,833	355,263
Expenses and losses							
Compensation	-	-	-	141,730	269,946	-	68,461
Administrative	-	86	6,225	109,796	157,083	-	36,698
Professional services	3,090	2,499	989	17,952	145,428	1,014	9,243
Depreciation and amortization	-	-	-	161,843	128,835	-	157,546
Grants	-	-	-	-	-	-	-
Facility	-	-	-	535,461	461,428	-	126,069
Interest and fees	-	-	17,500	153,514	5,257	-	100,233
Bad debts	-	-	-	19,644	32,245	-	5,632
Provision for impaired assets	-	-	-	-	-	8,321	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	3,140	-	-	15	-
Total expenses and losses	3,090	2,585	27,854	1,139,940	1,200,222	9,350	503,882
Excess (deficiency) of revenues over expenses	(3,090)	(2,585)	(17,041)	(62,799)	(176,789)	6,483	(148,619)
Net assets at beginning of year	-	-	372,033	7,292,607	3,255,562	832,145	1,976,297
Other transfers to (from) net assets	-	-	-	(225,448)	-	(175,935)	-
Net assets at end of year	<u>\$ (3,090)</u>	<u>\$ (2,585)</u>	<u>\$ 354,992</u>	<u>\$ 7,004,360</u>	<u>\$ 3,078,773</u>	<u>\$ 662,693</u>	<u>\$ 1,827,678</u>

Mercy Housing Lakefront
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	Roseland Place Inc., NFP	Roseland Place Limited Partnership	Mercy River West Commons Elgin LLC	Eliminations	Consolidated Mercy Housing Lakefront
Revenues					
Rent - net of vacancies	\$ -	\$ 628,135	\$ 840,427	\$ (1,030,527)	\$ 22,326,657
Developer fees	-	-	-	(339,596)	(339,596)
Services fees	-	-	-	(1,004,265)	6,337
Philanthropy	-	-	-	-	6,327,674
Capital grants	-	-	-	(27,991)	675,412
Consulting	-	-	-	-	-
Interest	56,820	99	-	(803,085)	44,258
Other	-	1,195	69,663	(628,085)	2,275,283
Total revenues	<u>56,820</u>	<u>629,429</u>	<u>910,090</u>	<u>(3,833,549)</u>	<u>31,316,025</u>
Expenses and losses					
Compensation	-	216,486	99,321	-	10,423,147
Administrative	115	92,320	98,232	(502,038)	3,419,183
Professional services	55	23,924	16,792	(687,006)	1,071,109
Depreciation and amortization	-	483,178	143,932	(490,702)	9,010,138
Grants	-	-	-	(1,242,568)	146,718
Facility	-	252,927	439,546	(16,140)	10,249,106
Interest and fees	-	132,633	371,441	(1,057,586)	2,967,864
Bad debts	-	-	23,307	(222,928)	363,915
Provision for impaired assets	56,820	-	-	(1,848,692)	-
Project expenses	-	-	-	-	266,688
Allocation	-	-	-	-	1,877,650
(Gain) loss on sale of assets	-	-	-	-	-
(Gain) loss on investment in limited partnership	57	-	-	(607,562)	165,670
Total expenses and losses	<u>57,047</u>	<u>1,201,468</u>	<u>1,192,571</u>	<u>(6,675,222)</u>	<u>39,961,188</u>
Excess (deficiency) of revenues over expenses	(227)	(572,039)	(282,481)	2,841,673	(8,645,163)
Net assets at beginning of year	-	-	-	(4,539,397)	99,935,576
Other transfers to (from) net assets	10,323,216	14,072,472	-	(9,158,767)	28,225,031
Net assets at end of year	<u>\$ 10,322,989</u>	<u>\$ 13,500,433</u>	<u>\$ (282,481)</u>	<u>\$ (10,856,491)</u>	<u>\$ 119,515,444</u>

Mercy Housing South East
Consolidating Statement of Financial Position
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	Mercy Housing South East	Mercy Place Belmont, Inc.	Mercy Housing Pembroke, Inc. (McFadden Place)	Mercy Housing Georgia Holdings, LLC (1826 Florance St)	Marshside Village, Inc.	Allegre Point Senior Residences, Inc.	MHSE Adamsville Green Senior Partners, LLC
Assets							
Current assets							
Cash and cash equivalents	\$ 3,173	\$ 1,651	\$ 19,917	\$ 1,903	\$ 3,125	\$ 10,651	\$ 6,096
Cash, tenant security deposits	-	13,050	7,995	-	11,284	18,135	-
Cash, restricted	1,094,389	1,092	2,569	-	-	37,939	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	6,792	2,237	6,987	-	-	500	-
Due from affiliate, net	1,040,234	-	-	-	-	-	8,193
Pledges receivable, net	6,436	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	4,636,825	-	-	-	-	-	-
Prepaid expenses and other assets	29,936	6,827	4,561	411	6,190	13,138	-
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>6,817,785</u>	<u>24,857</u>	<u>42,029</u>	<u>2,314</u>	<u>20,599</u>	<u>80,363</u>	<u>14,289</u>
Property and equipment							
Land and land improvements	-	-	49,640	15,789	241,500	317,000	-
Buildings	-	3,290,176	1,786,257	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	59,488	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(18,954)	(1,219,664)	(676,706)	(100,535)	(1,059,619)	(1,427,123)	-
Net property and equipment	<u>99,500</u>	<u>2,130,860</u>	<u>1,173,905</u>	<u>217,677</u>	<u>2,829,238</u>	<u>4,921,359</u>	<u>-</u>
Other long-term assets							
Restricted property reserves	-	116,224	62,207	-	155,276	178,627	-
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	2,250,000	-	-	-	-	-	-
Due from affiliates	1,646,792	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	780,387	-	-	-	-	-	(46,402)
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	88,096	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	-	1,885	-	36,007	-
Total other long-term assets	<u>4,765,275</u>	<u>116,224</u>	<u>62,207</u>	<u>1,885</u>	<u>155,276</u>	<u>214,634</u>	<u>(46,402)</u>
Total assets	<u>\$ 11,682,560</u>	<u>\$ 2,271,941</u>	<u>\$ 1,278,141</u>	<u>\$ 221,876</u>	<u>\$ 3,005,113</u>	<u>\$ 5,216,356</u>	<u>\$ (32,113)</u>

Mercy Housing South East
Consolidating Statement of Financial Position
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	Mercy Housing South East	Mercy Place Belmont, Inc.	Mercy Housing Pembroke, Inc. (McFadden Place)	Mercy Housing Georgia Holdings, LLC (1826 Florance St)	Marshside Village, Inc.	Allegre Point Senior Residences, Inc.	MHSE Adamsville Green Senior Partners, LLC
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 188,233	\$ 46,579	\$ 38,544	\$ 2,491	\$ 57,725	\$ 38,688	\$ -
Due to affiliates	12,452,558	54,562	70,347	-	-	-	8,193
Accrued interest	-	-	-	500	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	6,197	-	-	-
Current portion of notes payable, affiliates	905,225	-	-	75,619	-	-	-
Deferred revenue and other liabilities	-	1,605	54	1	1	1,121	(1)
Tenant security deposits	-	12,407	7,939	-	11,271	17,635	-
Total current liabilities	13,546,016	115,153	116,884	84,808	68,997	57,444	8,192
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	128,442	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	58,135	-	-	-	-	-	-
Total long-term liabilities	58,135	-	-	128,442	-	-	-
Total liabilities	13,604,151	115,153	116,884	213,250	68,997	57,444	8,192
Net assets							
Unrestricted net assets, controlling	(4,937,720)	(343,558)	(233,650)	8,626	(348,729)	(123,884)	(40,305)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(4,937,720)	(343,558)	(233,650)	8,626	(348,729)	(123,884)	(40,305)
Temporarily restricted net assets	3,016,129	2,500,346	1,394,907	-	3,284,845	5,282,796	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(1,921,591)	2,156,788	1,161,257	8,626	2,936,116	5,158,912	(40,305)
Total liabilities and net assets	\$ 11,682,560	\$ 2,271,941	\$ 1,278,141	\$ 221,876	\$ 3,005,113	\$ 5,216,356	\$ (32,113)

Mercy Housing South East
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	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	\$ 148,564	\$ 9,429	\$ 2,931	\$ 7,893	\$ 1,276	\$ 12,526	\$ 4,860
Cash, tenant security deposits	9,328	8,154	8,246	8,014	11,448	10,082	14,248
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	11,946	1,359	-	-	10,369	9,564	7,851
Due from affiliate, net	-	-	-	-	-	-	477
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	16,812	5,269	6,657	6,178	6,262	5,663	7,103
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	186,650	24,211	17,834	22,085	29,355	37,835	34,539
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	2,183,779	1,671,049	1,662,483	2,311,652	2,415,433	2,496,243
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	(1,879,705)	(569,711)	(627,538)	(623,623)	(793,573)	(758,977)	(975,436)
Net property and equipment	8,861,879	1,714,244	1,189,896	1,131,802	1,622,471	1,765,456	1,679,104
Other long-term assets							
Restricted property reserves	713,243	89,887	54,826	141,866	152,326	132,483	143,033
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	170,667	-	-	-	-	-	-
Total other long-term assets	883,910	89,887	54,826	141,866	152,326	132,483	143,033
Total assets	\$ 9,932,439	\$ 1,828,342	\$ 1,262,556	\$ 1,295,753	\$ 1,804,152	\$ 1,935,774	\$ 1,856,676

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 83,390	\$ 74,496	\$ 50,888	\$ 71,977	\$ 82,271	\$ 93,254	\$ 96,036
Due to affiliates	-	-	-	-	477	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	42,206	-	-	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	810	1,146	2,473	1,812	1,130	569	1,320
Tenant security deposits	9,015	7,664	7,935	7,514	11,296	10,050	14,194
Total current liabilities	135,421	83,306	61,296	81,303	95,174	103,873	111,550
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	15,261	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	3,462,742	-	-	-	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	1,634	1,677	2,021
Total long-term liabilities	3,478,003	-	-	-	1,634	1,677	2,021
Total liabilities	3,613,424	83,306	61,296	81,303	96,808	105,550	113,571
Net assets							
Unrestricted net assets, controlling	6,319,015	173,216	125,861	160,966	290,163	260,333	210,405
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	6,319,015	173,216	125,861	160,966	290,163	260,333	210,405
Temporarily restricted net assets	-	1,571,820	1,075,399	1,053,484	1,417,181	1,569,891	1,532,700
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	6,319,015	1,745,036	1,201,260	1,214,450	1,707,344	1,830,224	1,743,105
Total liabilities and net assets	\$ 9,932,439	\$ 1,828,342	\$ 1,262,556	\$ 1,295,753	\$ 1,804,152	\$ 1,935,774	\$ 1,856,676

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 10,804	\$ 6,646	\$ 1,910	\$ 40,140	\$ 954	\$ 12,636	\$ 562
Cash, tenant security deposits	15,678	19,280	13,587	15,817	11,959	10,154	10,007
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	1,939	1,976	1,645	6,667	13,824	13,029	-
Due from affiliate, net	-	-	-	1,473	208	-	386
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	8,543	7,960	7,943	6,277	8,578	5,384	5,843
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	<u>36,964</u>	<u>35,862</u>	<u>25,085</u>	<u>70,374</u>	<u>35,523</u>	<u>41,203</u>	<u>16,798</u>
Property and equipment							
Land and land improvements	130,000	298,801	200,000	150,904	65,459	45,918	30,834
Buildings	2,792,144	3,166,834	3,035,495	2,863,294	2,100,910	2,211,057	1,263,936
Furniture and equipment	59,232	86,983	59,938	15,884	91,858	97,078	23,000
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(1,229,870)	(1,132,389)	(1,012,222)	(1,215,553)	(1,684,890)	(659,034)	(703,757)
Net property and equipment	<u>1,751,506</u>	<u>2,420,229</u>	<u>2,283,211</u>	<u>1,814,529</u>	<u>573,337</u>	<u>1,695,019</u>	<u>614,013</u>
Other long-term assets							
Restricted property reserves	86,559	53,111	75,578	57,052	231,131	261,239	31,867
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	-	-	-	-	75,315	-	-
Total other long-term assets	<u>86,559</u>	<u>53,111</u>	<u>75,578</u>	<u>57,052</u>	<u>306,446</u>	<u>261,239</u>	<u>31,867</u>
Total assets	<u>\$ 1,875,029</u>	<u>\$ 2,509,202</u>	<u>\$ 2,383,874</u>	<u>\$ 1,941,955</u>	<u>\$ 915,306</u>	<u>\$ 1,997,461</u>	<u>\$ 662,678</u>

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 48,146	\$ 49,530	\$ 86,163	\$ 145,170	\$ 116,395	\$ 75,667	\$ 99,170
Due to affiliates	-	-	-	-	-	-	687
Accrued interest	-	-	-	-	8,071	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	-	-	19,351	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,272	206	1,157	1,804	1,036	353	154
Tenant security deposits	14,922	18,780	13,339	15,796	11,464	9,655	9,256
Total current liabilities	64,340	68,516	100,659	162,770	156,317	85,675	109,267
Long-term liabilities							
Due to affiliates	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	-	-	-	1,482,163	18,000	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-	169	-	-
Total long-term liabilities	-	-	-	-	1,482,332	18,000	-
Total liabilities	64,340	68,516	100,659	162,770	1,638,649	103,675	109,267
Net assets							
Unrestricted net assets, controlling	372,870	465,884	183,353	299,582	(723,343)	603,666	(7,332)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	372,870	465,884	183,353	299,582	(723,343)	603,666	(7,332)
Temporarily restricted net assets	1,437,819	1,974,802	2,099,862	1,479,603	-	1,290,120	560,743
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	1,810,689	2,440,686	2,283,215	1,779,185	(723,343)	1,893,786	553,411
Total liabilities and net assets	\$ 1,875,029	\$ 2,509,202	\$ 2,383,874	\$ 1,941,955	\$ 915,306	\$ 1,997,461	\$ 662,678

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 2,100	\$ 8,504	\$ 14,540	\$ 605,273	\$ -	\$ 938,064
Cash, tenant security deposits	15,738	16,907	11,665	294,715	-	555,491
Cash, restricted	-	-	25,019	253,352	-	1,414,360
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	1,180	1,004	6,450	102,653	(833)	207,139
Due from affiliate, net	-	-	171	737,461	(1,631,068)	157,535
Pledges receivable, net	-	-	-	-	-	6,436
Grants receivable	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	(4,419,474)	217,351
Prepaid expenses and other assets	8,135	7,418	6,316	288,099	-	475,503
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	<u>27,153</u>	<u>33,833</u>	<u>64,161</u>	<u>2,281,553</u>	<u>(6,051,375)</u>	<u>3,971,879</u>
Property and equipment						
Land and land improvements	320,690	96,822	573,978	21,383,751	-	26,509,061
Buildings	1,095,320	2,877,606	3,147,939	128,347,865	(6,999,837)	181,045,314
Furniture and equipment	618,837	26,774	314,277	4,304,476	-	7,352,749
Predevelopment project costs	-	-	-	562,431	-	621,919
Construction in progress	-	-	-	11,272,618	(794,715)	10,477,903
Accumulated depreciation	(1,562,780)	(1,435,711)	(408,680)	(26,356,792)	1,188,901	(46,943,941)
Net property and equipment	<u>472,067</u>	<u>1,565,491</u>	<u>3,627,514</u>	<u>139,514,349</u>	<u>(6,605,651)</u>	<u>179,063,005</u>
Other long-term assets						
Restricted property reserves	52,015	139,676	259,938	5,693,813	-	8,881,977
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	2,250,000
Due from affiliates	-	-	-	-	(1,336,124)	310,668
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	(733,985)	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	88,096
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	-	7,070	4,122,363	-	4,413,307
Total other long-term assets	<u>52,015</u>	<u>139,676</u>	<u>267,008</u>	<u>9,816,176</u>	<u>(2,070,109)</u>	<u>15,944,048</u>
Total assets	<u>\$ 551,235</u>	<u>\$ 1,739,000</u>	<u>\$ 3,958,683</u>	<u>\$ 151,612,078</u>	<u>\$ (14,727,135)</u>	<u>\$ 198,978,932</u>

Mercy Housing South East
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 69,756	\$ 109,843	\$ 23,818	\$ 3,356,419	\$ 54,465	\$ 5,159,114
Due to affiliates	-	-	38,189	4,717,487	(5,255,630)	12,086,870
Accrued interest	10,809	-	-	106,988	-	126,368
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	44,854	-	-	5,515,420	-	5,628,028
Current portion of notes payable, affiliates	-	-	-	3,886,863	(3,962,483)	905,224
Deferred revenue and other liabilities	720	1,597	199	46,048	1	66,588
Tenant security deposits	16,356	15,372	11,064	271,397	-	524,321
Total current liabilities	142,495	126,812	73,270	17,900,622	(9,163,647)	24,496,513
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	280,367	-	295,628
Accrued interest, affiliates	-	-	-	-	-	-
Notes payable, less current portion, net	1,396,346	-	-	58,342,285	-	64,829,978
Notes payable, less current portion, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	-	7,875,943	(7,220,859)	718,720
Total long-term liabilities	1,396,346	-	-	66,498,595	(7,220,859)	65,844,326
Total liabilities	1,538,841	126,812	73,270	84,399,217	(16,384,506)	90,340,839
Net assets						
Unrestricted net assets, controlling	(987,606)	266,610	(37,707)	67,165,169	1,657,371	70,779,256
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	(987,606)	266,610	(37,707)	67,165,169	1,657,371	70,779,256
Temporarily restricted net assets	-	1,345,578	3,923,120	47,692	-	37,858,837
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	(987,606)	1,612,188	3,885,413	67,212,861	1,657,371	108,638,093
Total liabilities and net assets	\$ 551,235	\$ 1,739,000	\$ 3,958,683	\$ 151,612,078	\$ (14,727,135)	\$ 198,978,932

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing South East	Mercy Place Belmont, Inc.	Mercy Housing Pembroke, Inc. (McFadden Place)	Mercy Housing Georgia Holdings, LLC (1826 Florance St)	Marshside Village, Inc.	Allegre Point Senior Residences, Inc.	MHSE Adamsville Green Senior Partners, LLC
Revenues							
Rent - net of vacancies	\$ -	\$ 230,118	\$ 144,854	\$ -	\$ 277,024	\$ 308,810	\$ -
Developer fees	1,611,113	-	-	-	-	-	-
Services fees	475,788	-	-	-	-	-	96,712
Philanthropy	56,598	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	38,324	4	45	-	55	(547)	-
Other	128,921	4,442	1,777	-	20,428	4,760	-
Total revenues	<u>2,310,744</u>	<u>234,564</u>	<u>146,676</u>	<u>-</u>	<u>297,507</u>	<u>313,023</u>	<u>96,712</u>
Expenses and losses							
Compensation	1,035,156	107,940	48,113	-	108,894	116,279	-
Administrative	178,146	41,856	46,409	106	47,700	71,420	10,926
Professional services	74,817	9,280	9,674	2,496	9,315	10,910	2,779
Depreciation and amortization	8,424	120,720	63,018	11,805	138,277	231,006	-
Grants	777,978	-	-	-	-	-	93,615
Facility	82,500	69,068	67,140	4,519	124,470	120,833	-
Interest and fees	440,418	817	-	7,894	512	98	-
Bad debts	706,787	-	-	-	-	116	-
Provision for impaired assets	15,872	-	-	-	-	-	-
Project expenses	78,942	-	-	-	-	-	-
Allocation	920,304	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	6,993	-	-	-	-	-	25
Total expenses and losses	<u>4,326,337</u>	<u>349,681</u>	<u>234,354</u>	<u>26,820</u>	<u>429,168</u>	<u>550,662</u>	<u>107,345</u>
Excess (deficiency) of revenues over expenses	(2,015,593)	(115,117)	(87,678)	(26,820)	(131,661)	(237,639)	(10,633)
Net assets at beginning of year	94,002	2,271,905	1,248,935	35,446	3,067,777	5,396,551	(29,672)
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ (1,921,591)</u>	<u>\$ 2,156,788</u>	<u>\$ 1,161,257</u>	<u>\$ 8,626</u>	<u>\$ 2,936,116</u>	<u>\$ 5,158,912</u>	<u>\$ (40,305)</u>

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ 843,357	\$ 182,809	\$ 189,670	\$ 150,725	\$ 204,486	\$ 204,163	\$ 249,510
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	155	17	16	41	208	161	178
Other	27,015	3,456	6,255	3,904	52,129	60,660	41,653
Total revenues	<u>870,527</u>	<u>186,282</u>	<u>195,941</u>	<u>154,670</u>	<u>256,823</u>	<u>264,984</u>	<u>291,341</u>
Expenses and losses							
Compensation	159,800	45,226	49,115	42,250	57,785	54,158	85,818
Administrative	112,421	39,711	38,728	34,134	33,778	30,226	44,172
Professional services	82,924	9,315	9,709	9,315	9,315	9,315	9,440
Depreciation and amortization	481,933	57,989	41,962	39,961	59,923	61,348	70,100
Grants	-	-	-	-	-	-	-
Facility	245,372	80,043	100,592	80,770	180,667	204,419	131,046
Interest and fees	68,328	10	-	36	46	46	55
Bad debts	867	-	-	-	152	-	-
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>1,151,645</u>	<u>232,294</u>	<u>240,106</u>	<u>206,466</u>	<u>341,666</u>	<u>359,512</u>	<u>340,631</u>
Excess (deficiency) of revenues over expenses	(281,118)	(46,012)	(44,165)	(51,796)	(84,843)	(94,528)	(49,290)
Net assets at beginning of year	6,620,937	1,791,048	1,245,425	1,266,246	1,792,187	1,924,752	1,792,395
Other transfers to (from) net assets	(20,804)	-	-	-	-	-	-
Net assets at end of year	<u>\$ 6,319,015</u>	<u>\$ 1,745,036</u>	<u>\$ 1,201,260</u>	<u>\$ 1,214,450</u>	<u>\$ 1,707,344</u>	<u>\$ 1,830,224</u>	<u>\$ 1,743,105</u>

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ 250,331	\$ 258,026	\$ 261,724	\$ 385,900	\$ 423,081	\$ 276,688	\$ 192,837
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	25	15	16	36	193	73	7
Other	37,730	43,307	1,413	46,027	4,810	9,616	17,467
Total revenues	<u>288,086</u>	<u>301,348</u>	<u>263,153</u>	<u>431,963</u>	<u>428,084</u>	<u>286,377</u>	<u>210,311</u>
Expenses and losses							
Compensation	69,858	65,213	74,018	129,820	59,370	49,142	41,737
Administrative	54,256	54,399	72,845	52,753	39,604	41,071	34,925
Professional services	9,315	9,615	9,315	9,315	11,070	9,315	9,525
Depreciation and amortization	77,618	80,937	75,339	71,398	56,865	62,863	34,090
Grants	-	-	-	-	-	-	-
Facility	140,079	148,028	149,625	206,911	260,899	185,176	163,231
Interest and fees	36	49	-	391	94,730	157	-
Bad debts	61	-	272	498	1,178	-	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	39,077	39,725	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-
Total expenses and losses	<u>390,300</u>	<u>397,966</u>	<u>381,414</u>	<u>471,086</u>	<u>523,716</u>	<u>347,724</u>	<u>283,508</u>
Excess (deficiency) of revenues over expenses	(102,214)	(96,618)	(118,261)	(39,123)	(95,632)	(61,347)	(73,197)
Net assets at beginning of year	1,912,903	2,537,304	2,401,476	1,818,308	(627,711)	1,955,133	626,608
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 1,810,689</u>	<u>\$ 2,440,686</u>	<u>\$ 2,283,215</u>	<u>\$ 1,779,185</u>	<u>\$ (723,343)</u>	<u>\$ 1,893,786</u>	<u>\$ 553,411</u>

Mercy Housing South East
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ 455,462	\$ 299,230	\$ 155,811	\$ 10,726,831	\$ -	\$ 16,671,447
Developer fees	-	-	-	-	(528,863)	1,082,250
Services fees	-	-	-	-	(572,500)	-
Philanthropy	-	-	-	15,000	(15,000)	56,598
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	(210)	734	71	8,259	(2,691)	45,185
Other	3,763	5,353	13,302	1,036,222	(391,549)	1,182,861
Total revenues	<u>459,015</u>	<u>305,317</u>	<u>169,184</u>	<u>11,786,312</u>	<u>(1,510,603)</u>	<u>19,038,341</u>
Expenses and losses						
Compensation	76,839	78,638	29,070	1,888,661	-	4,472,900
Administrative	40,446	46,405	37,995	1,640,653	(4,095)	2,840,990
Professional services	9,315	9,315	9,315	818,931	(475,788)	697,162
Depreciation and amortization	43,974	71,099	165,881	6,078,421	(248,881)	7,956,070
Grants	-	-	-	15,000	(294,725)	591,868
Facility	209,814	230,588	95,282	4,735,264	-	8,016,336
Interest and fees	131,428	45	-	3,098,896	(2,691)	3,841,301
Bad debts	-	1,059	-	167,958	(627,323)	251,625
Provision for impaired assets	-	-	-	-	-	15,872
Project expenses	-	-	-	-	-	78,942
Allocation	-	-	-	-	-	920,304
(Gain) loss on sale of assets	-	-	-	-	-	78,802
(Gain) loss on investment in limited partnership	-	-	-	-	(7,018)	-
Total expenses and losses	<u>511,816</u>	<u>437,149</u>	<u>337,543</u>	<u>18,443,784</u>	<u>(1,660,521)</u>	<u>29,762,172</u>
Excess (deficiency) of revenues over expenses	(52,801)	(131,832)	(168,359)	(6,657,472)	149,918	(10,723,831)
Net assets at beginning of year	(934,805)	1,744,020	4,053,772	72,365,878	1,497,259	117,868,079
Other transfers to (from) net assets	-	-	-	1,504,455	10,194	1,493,845
Net assets at end of year	<u>\$ (987,606)</u>	<u>\$ 1,612,188</u>	<u>\$ 3,885,413</u>	<u>\$ 67,212,861</u>	<u>\$ 1,657,371</u>	<u>\$ 108,638,093</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Row/ Heritage Corner)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)	Mercy Housing Georgia X, L.P. (Savannah Gardens I)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 25,857	\$ 19,956	\$ 58,436	\$ 62,439	\$ -	\$ 11,270	\$ 69,203
Cash, tenant security deposits	-	21,214	19,755	8,101	47,613	-	17,741	33,975
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	8,654	16,819	2,015	5,646	-	1,939	8,885
Due from affiliate, net	151,690	1,755	-	-	-	177,847	-	15,478
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	-	16,986	13,191	14,293	32,353	-	17,129	18,957
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	151,690	74,466	69,721	82,845	148,051	177,847	48,079	146,498
Property and equipment								
Land and land improvements	-	535,412	979,190	743,196	140,506	-	667,047	2,777,550
Buildings	-	1,207,510	7,993,781	5,425,251	16,099,248	-	6,610,246	10,036,962
Furniture and equipment	-	10,527	98,271	204,852	449,671	-	405,415	855,093
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(345,222)	(2,976,439)	(1,955,743)	(3,942,639)	-	(1,697,230)	(1,802,116)
Net property and equipment	-	1,408,227	6,094,803	4,417,556	12,746,786	-	5,985,478	11,867,489
Other long-term assets								
Restricted property reserves	-	208,569	102,861	165,951	281,809	-	612,828	381,080
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	(14,128)	-	-	-	-	356	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	3,450	67,203	109,986	328,893	-	75,304	392,657
Total other long-term assets	(14,128)	212,019	170,064	275,937	610,702	356	688,132	773,737
Total assets	\$ 137,562	\$ 1,694,712	\$ 6,334,588	\$ 4,776,338	\$ 13,505,539	\$ 178,203	\$ 6,721,689	\$ 12,787,724

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Row/ Heritage Corner)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)	Mercy Housing Georgia X, L.P. (Savannah Gardens I)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 155,581	\$ 97,261	\$ 51,173	\$ 185,478	\$ -	\$ 124,118	\$ 86,020
Due to affiliates	107,320	715,585	265,261	64,190	-	193,011	181,878	2,554
Accrued interest	-	1,473	4,546	5,809	13,671	-	2,033	5,992
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	31,154	35,356	14,089	33,075	-	63,266	11,385
Current portion of notes payable, affiliates	-	-	87,646	-	-	-	-	-
Deferred revenue and other liabilities	-	3,019	5,224	(1)	779	-	738	18,748
Tenant security deposits	-	21,805	19,555	7,400	750	-	17,692	33,100
Total current liabilities	107,320	928,617	514,849	142,660	233,753	193,011	389,725	157,799
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	208,034	-	-	11,871
Accrued interest, affiliates	-	-	-	2,318	-	-	-	-
Notes payable, less current portion, net	-	389,795	987,163	885,333	7,867,984	-	497,676	5,418,020
Notes payable, less current portion, affiliates	-	-	-	56,107	-	-	-	-
Deferred revenue and other liabilities	-	-	761,816	-	-	-	131,403	175,803
Total long-term liabilities	-	389,795	1,748,979	943,758	8,076,018	-	629,079	5,605,694
Total liabilities	107,320	1,318,412	2,263,828	1,086,418	8,309,771	193,011	1,018,804	5,763,493
Net assets								
Unrestricted net assets, controlling	(17,450)	376,300	4,070,760	3,689,920	5,195,768	(14,808)	5,702,885	7,024,231
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(17,450)	376,300	4,070,760	3,689,920	5,195,768	(14,808)	5,702,885	7,024,231
Temporarily restricted net assets	47,692	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	30,242	376,300	4,070,760	3,689,920	5,195,768	(14,808)	5,702,885	7,024,231
Total liabilities and net assets	\$ 137,562	\$ 1,694,712	\$ 6,334,588	\$ 4,776,338	\$ 13,505,539	\$ 178,203	\$ 6,721,689	\$ 12,787,724

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Lithonia Park View, Inc.	Mercy Housing Georgia VIII, L.P. (Terraces at Park View)	MPI Highland Place, LLC	MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)	Antioch II, LLC	Antioch Villas, L.P.	Mercy Housing Georgia XI GP, LLC	Mercy Housing Georgia XI, LP (Etowah Terrace)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 40,530	\$ -	\$ 35,644	\$ -	\$ 188,695	\$ -	\$ 3,654
Cash, tenant security deposits	-	18,300	-	55,762	-	20,339	-	14,706
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	1,188	-	21,763	-	9,892	-	12,012
Due from affiliate, net	-	2,083	-	100,000	57,500	519	-	-
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	-	17,990	-	71,555	-	18,411	-	14,287
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	80,091	-	284,724	57,500	237,856	-	44,659
Property and equipment								
Land and land improvements	-	2,630,109	-	2,156,146	-	2,689,193	-	1,096,699
Buildings	-	7,485,911	-	37,785,435	-	9,589,464	-	7,965,927
Furniture and equipment	-	186,212	-	820,269	-	609,293	-	132,528
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,053,859)	-	(7,916,945)	-	(1,174,365)	-	(917,948)
Net property and equipment	-	8,248,373	-	32,844,905	-	11,713,585	-	8,277,206
Other long-term assets								
Restricted property reserves	-	265,523	-	2,102,992	-	590,743	-	144,960
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	(26)	-	(1,376)	-	(23)	-	894	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	176,161	-	1,193,777	-	457,905	-	118,291
Total other long-term assets	(26)	441,684	(1,376)	3,296,769	(23)	1,048,648	894	263,251
Total assets	\$ (26)	\$ 8,770,148	\$ (1,376)	\$ 36,426,398	\$ 57,477	\$ 13,000,089	\$ 894	\$ 8,585,116

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Lithonia Park View, Inc.	Mercy Housing Georgia VIII, L.P. (Terraces at Park View)	MPI Highland Place, LLC	MPI Highland Place Apartments, LP (The Hills at Fairington Apartments)	Antioch II, LLC	Antioch Villas, L.P.	Mercy Housing Georgia XI GP, LLC	Mercy Housing Georgia XI, LP (Etowah Terrace)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 61,148	\$ -	\$ 539,916	\$ -	\$ 117,254	\$ -	\$ 70,352
Due to affiliates	15,433	-	16,535	2,609,163	70,420	21,718	8,295	46,649
Accrued interest	-	7,190	-	-	-	21,556	-	1,271
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	105,181	-	-	-	41,707	-	43,693
Current portion of notes payable, affiliates	-	-	-	2,899,304	-	24,053	-	-
Deferred revenue and other liabilities	-	731	-	11,379	-	382	(1)	2,051
Tenant security deposits	-	17,600	-	55,440	-	20,237	-	14,005
Total current liabilities	15,433	191,850	16,535	6,115,202	70,420	246,907	8,294	178,021
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	18,567	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	2,690,088	-	17,517,341	-	5,514,742	-	1,453,250
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	109,145	-	5,152,531	-	635,719	-	108,456
Total long-term liabilities	-	2,799,233	-	22,669,872	-	6,169,028	-	1,561,706
Total liabilities	15,433	2,991,083	16,535	28,785,074	70,420	6,415,935	8,294	1,739,727
Net assets								
Unrestricted net assets, controlling	(15,459)	5,779,065	(17,911)	7,641,324	(12,943)	6,584,154	(7,400)	6,845,389
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(15,459)	5,779,065	(17,911)	7,641,324	(12,943)	6,584,154	(7,400)	6,845,389
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(15,459)	5,779,065	(17,911)	7,641,324	(12,943)	6,584,154	(7,400)	6,845,389
Total liabilities and net assets	\$ (26)	\$ 8,770,148	\$ (1,376)	\$ 36,426,398	\$ 57,477	\$ 13,000,089	\$ 894	\$ 8,585,116

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	MHSE Arbors, LLC	The Arbors at Ellington, Ltd.	MHSE Savannah Gardens Phase III GP, LLC	Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC	MHSE Savannah Gardens Phase V GP, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 7,317	\$ -	\$ 82,202	\$ -	\$ -	\$ -	\$ -
Cash, tenant security deposits	-	9,778	-	27,431	-	-	-	-
Cash, restricted	-	-	-	-	-	34,303	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	243	-	9,140	-	-	-	-
Due from affiliate, net	-	-	10,000	8,167	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	6,330	-	15,634	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	23,668	10,000	142,574	-	34,303	-	-
Property and equipment								
Land and land improvements	-	1,538,810	-	1,952,981	-	794,013	-	-
Buildings	-	3,537,855	-	8,980,849	-	-	-	-
Furniture and equipment	-	307,389	-	185,308	-	-	-	-
Predevelopment project costs	-	-	-	-	-	562,431	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(647,992)	-	(911,956)	-	-	-	-
Net property and equipment	-	4,736,062	-	10,207,182	-	1,356,444	-	-
Other long-term assets								
Restricted property reserves	-	162,101	-	409,188	-	-	-	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	487,072	-	(58,155)	-	7,883	-	89	100
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	154,882	-	335,918	-	43,322	-	-
Total other long-term assets	487,072	316,983	(58,155)	745,106	7,883	43,322	89	100
Total assets	\$ 487,072	\$ 5,076,713	\$ (48,155)	\$ 11,094,862	\$ 7,883	\$ 1,434,069	\$ 89	\$ 100

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	MHSE Arbors, LLC	The Arbors at Ellington, Ltd.	MHSE Savannah Gardens Phase III GP, LLC	Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC	MHSE Savannah Gardens Phase V GP, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 36,859	\$ -	\$ 53,878	\$ -	\$ 4,617	\$ -	\$ -
Due to affiliates	7,756	29,250	19,682	2,669	989	4,836	3,145	2,201
Accrued interest	-	2,217	-	13,728	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	13,301	-	32,059	-	-	-	-
Current portion of notes payable, affiliates	-	2,259	-	894	-	636,346	-	-
Deferred revenue and other liabilities	-	101	-	2,897	-	1	-	-
Tenant security deposits	-	9,778	-	27,300	-	-	-	-
Total current liabilities	7,756	93,765	19,682	133,425	989	645,800	3,145	2,201
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	14,978	-	26,917	-	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	2,587,968	-	3,066,282	-	-	-	-
Notes payable, less current portion, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	6,355	-	-	-	-	-	-
Total long-term liabilities	-	2,609,301	-	3,093,199	-	-	-	-
Total liabilities	7,756	2,703,066	19,682	3,226,624	989	645,800	3,145	2,201
Net assets								
Unrestricted net assets, controlling	479,316	2,373,647	(67,837)	7,868,238	6,894	788,269	(3,056)	(2,101)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	479,316	2,373,647	(67,837)	7,868,238	6,894	788,269	(3,056)	(2,101)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	479,316	2,373,647	(67,837)	7,868,238	6,894	788,269	(3,056)	(2,101)
Total liabilities and net assets	\$ 487,072	\$ 5,076,713	\$ (48,155)	\$ 11,094,862	\$ 7,883	\$ 1,434,069	\$ 89	\$ 100

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments LLC	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ 70	\$ -	\$ -	\$ -	\$ 605,273
Cash, tenant security deposits	-	-	-	-	294,715
Cash, restricted	218,964	85	-	-	253,352
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	2,133	2,324	-	-	102,653
Due from affiliate, net	-	-	632,205	(419,783)	737,461
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	30,983	-	-	-	288,099
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>252,150</u>	<u>2,409</u>	<u>632,205</u>	<u>(419,783)</u>	<u>2,281,553</u>
Property and equipment					
Land and land improvements	1,231,416	780,000	671,483	-	21,383,751
Buildings	2,110,386	-	3,519,040	-	128,347,865
Furniture and equipment	39,648	-	-	-	4,304,476
Predevelopment project costs	-	-	-	-	562,431
Construction in progress	9,558,471	1,714,147	-	-	11,272,618
Accumulated depreciation	(3,674)	-	(10,664)	-	(26,356,792)
Net property and equipment	<u>12,936,247</u>	<u>2,494,147</u>	<u>4,179,859</u>	<u>-</u>	<u>139,514,349</u>
Other long-term assets					
Restricted property reserves	265,208	-	-	-	5,693,813
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net.	-	-	-	(422,686)	-
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	<u>404,359</u>	<u>260,255</u>	<u>-</u>	<u>-</u>	<u>4,122,363</u>
Total other long-term assets	<u>669,567</u>	<u>260,255</u>	<u>-</u>	<u>(422,686)</u>	<u>9,816,176</u>
Total assets	<u>\$ 13,857,964</u>	<u>\$ 2,756,811</u>	<u>\$ 4,812,064</u>	<u>\$ (842,469)</u>	<u>\$ 151,612,078</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments LLC	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 1,673,563	\$ 170,684	\$ -	\$ (71,483)	\$ 3,356,419
Due to affiliates	632,846	104,371	-	(408,270)	4,717,487
Accrued interest	26,648	-	854	-	106,988
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	5,003,254	-	87,900	-	5,515,420
Current portion of notes payable, affiliates	233,619	2,742	-	-	3,886,863
Deferred revenue and other liabilities	-	-	-	-	46,048
Tenant security deposits	-	-	26,735	-	271,397
Total current liabilities	<u>7,569,930</u>	<u>277,797</u>	<u>115,489</u>	<u>(479,753)</u>	<u>17,900,622</u>
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	-	-	-	280,367
Accrued interest, affiliates	-	-	-	(2,318)	-
Notes payable, less current portion, net	3,717,064	1,041,486	4,708,093	-	58,342,285
Notes payable, less current portion, affiliates	-	-	-	(56,107)	-
Deferred revenue and other liabilities	<u>794,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,875,943</u>
Total long-term liabilities	<u>4,511,779</u>	<u>1,041,486</u>	<u>4,708,093</u>	<u>(58,425)</u>	<u>66,498,595</u>
Total liabilities	<u>12,081,709</u>	<u>1,319,283</u>	<u>4,823,582</u>	<u>(538,178)</u>	<u>84,399,217</u>
Net assets					
Unrestricted net assets, controlling	1,776,255	1,437,528	(11,518)	(304,291)	67,165,169
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	<u>1,776,255</u>	<u>1,437,528</u>	<u>(11,518)</u>	<u>(304,291)</u>	<u>67,165,169</u>
Temporarily restricted net assets	-	-	-	-	47,692
Permanently restricted net assets	-	-	-	-	-
Total net assets	<u>1,776,255</u>	<u>1,437,528</u>	<u>(11,518)</u>	<u>(304,291)</u>	<u>67,212,861</u>
Total liabilities and net assets	<u>\$ 13,857,964</u>	<u>\$ 2,756,811</u>	<u>\$ 4,812,064</u>	<u>\$ (842,469)</u>	<u>\$ 151,612,078</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Community Housing Georgia, Inc. (MCHGa)	Mercy Housing Georgia I, L.L.P. (Heritage Place Apartments)	Mercy Housing Georgia IV, L.P. (Heritage Row/ Heritage Corner)	Mercy Housing Georgia V, L.P. (Chamblee Senior)	Mercy Housing Georgia VI, L.P. (The Atrium at College Town)	MCHG Partners, Inc.	Acquisition Properties Georgia I, LP (Magnolia Village)	Mercy Housing Georgia X, L.P. (Savannah Gardens I)
Revenues								
Rent - net of vacancies	\$ -	\$ 513,607	\$ 385,675	\$ 420,463	\$ 1,978,844	\$ -	\$ 520,556	\$ 772,572
Developer fees	-	-	-	-	-	-	-	-
Services fees	24,500	-	-	-	-	24,597	-	-
Philanthropy	15,000	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	281	193	5	(181)	119	-	(577)	56
Other	-	22,774	13,524	588	480,885	-	6,347	231,783
Total revenues	39,781	536,574	399,204	420,870	2,459,848	24,597	526,326	1,004,411
Expenses and losses								
Compensation	-	115,251	89,158	111,356	318,828	-	105,877	151,987
Administrative	24,890	94,229	58,870	73,808	240,972	24,657	125,438	130,822
Professional services	833	26,084	15,418	10,089	366,100	2,779	14,230	77,694
Depreciation and amortization	-	345,756	334,893	282,661	691,006	-	255,024	614,391
Grants	15,000	-	-	-	-	-	-	-
Facility	-	290,951	161,840	121,425	896,797	-	258,954	278,060
Interest and fees	-	18,360	54,617	71,521	303,213	-	26,578	87,426
Bad debts	-	23,933	13,947	777	3,249	-	73	22,131
Provision for impaired assets	281	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	472	-	-	-	-	73	-	-
Total expenses and losses	41,476	914,564	728,743	671,637	2,820,165	27,509	786,174	1,362,511
Excess (deficiency) of revenues over expenses	(1,695)	(377,990)	(329,539)	(250,767)	(360,317)	(2,912)	(259,848)	(358,100)
Net assets at beginning of year	31,937	754,290	4,400,299	3,940,687	5,556,085	(11,896)	5,962,733	7,382,331
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 30,242	\$ 376,300	\$ 4,070,760	\$ 3,689,920	\$ 5,195,768	\$ (14,808)	\$ 5,702,885	\$ 7,024,231

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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
Revenues							
Rent - net of vacancies	\$ -	\$ 717,276	\$ -	\$ 2,973,210	\$ -	\$ 1,052,214	\$ -
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	30,000	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	67	-	7,438	-	880	-
Other	-	8,783	-	102,495	-	157,370	-
Total revenues	<u>-</u>	<u>726,126</u>	<u>-</u>	<u>3,083,143</u>	<u>30,000</u>	<u>1,210,464</u>	<u>-</u>
Expenses and losses							
Compensation	-	114,100	-	564,917	-	89,055	-
Administrative	60	84,081	62	255,479	30,050	155,558	62
Professional services	4,880	13,617	2,779	113,622	2,779	44,795	2,779
Depreciation and amortization	-	411,855	-	1,587,798	-	474,276	-
Grants	-	-	-	-	-	-	-
Facility	-	252,720	-	1,594,212	-	310,433	-
Interest and fees	-	91,389	-	1,934,690	-	271,123	-
Bad debts	-	1,953	-	106,149	-	1,009	-
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	11	-	307	-	12	-	31
Total expenses and losses	<u>4,951</u>	<u>969,715</u>	<u>3,148</u>	<u>6,156,867</u>	<u>32,841</u>	<u>1,346,249</u>	<u>2,872</u>
Excess (deficiency) of revenues over expenses	(4,951)	(243,589)	(3,148)	(3,073,724)	(2,841)	(135,785)	(2,872)
Net assets at beginning of year	(10,508)	6,022,654	(14,763)	10,715,048	(10,102)	6,608,010	(4,528)
Other transfers to (from) net assets	-	-	-	-	-	111,929	-
Net assets at end of year	<u>\$ (15,459)</u>	<u>\$ 5,779,065</u>	<u>\$ (17,911)</u>	<u>\$ 7,641,324</u>	<u>\$ (12,943)</u>	<u>\$ 6,584,154</u>	<u>\$ (7,400)</u>

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing Georgia XI, LP (Etowah Terrace)	MHSE Arbors, LLC	The Arbors at Ellington, Ltd.	MHSE Savannah Gardens Phase III GP, LLC	Mercy Housing Georgia 12, LP (Savannah Gardens Phase III)	MHSE Reynoldstown Senior GP, LLC	MHSE Reynoldstown Senior, LP	MHSE Savannah Gardens Phase IV GP, LLC
Revenues								
Rent - net of vacancies	\$ 468,977	\$ -	\$ 204,700	\$ -	\$ 718,737	\$ -	\$ -	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	53,537	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	60	-	34	-	160	-	5	-
Other	4,560	-	2,905	-	44,208	-	-	-
Total revenues	473,597	-	207,639	53,537	763,105	-	5	-
Expenses and losses								
Compensation	90,582	-	36,487	-	101,063	-	-	-
Administrative	90,636	182	32,220	121,737	136,830	-	719	10
Professional services	20,565	2,834	12,135	2,779	48,021	988	6,350	3,035
Depreciation and amortization	360,123	-	264,938	-	441,362	-	-	-
Grants	-	-	-	-	-	-	-	-
Facility	207,414	-	118,576	-	243,882	-	-	-
Interest and fees	15,299	-	42,694	-	181,413	-	-	-
Bad debts	907	-	-	-	33,830	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	15	-	42	-	71	-	11
Total expenses and losses	785,526	3,031	507,050	124,558	1,186,401	1,059	7,069	3,056
Excess (deficiency) of revenues over expenses	(311,929)	(3,031)	(299,411)	(71,021)	(423,296)	(1,059)	(7,064)	(3,056)
Net assets at beginning of year	7,157,318	482,347	2,673,058	3,184	8,364,208	7,953	795,333	-
Other transfers to (from) net assets	-	-	-	-	(72,674)	-	-	-
Net assets at end of year	\$ 6,845,389	\$ 479,316	\$ 2,373,647	\$ (67,837)	\$ 7,868,238	\$ 6,894	\$ 788,269	\$ (3,056)

Mercy Community Housing Georgia, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	MHSE Savannah Gardens Phase V GP, LLC	Mercy Housing Georgia 13, LP (Savannah Gardens Phase IV)	Mercy Housing Georgia 14, LP (Savannah Gardens Phase V)	MHSE Renaissance Apartments LLC	Eliminations	Consolidated Mercy Community Housing Georgia, Inc.
Revenues						
Rent - net of vacancies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,726,831
Developer fees	-	-	-	-	-	-
Services fees	-	-	-	-	(132,634)	-
Philanthropy	-	-	-	-	-	15,000
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	-	-	-	-	(281)	8,259
Other	-	-	-	-	(40,000)	1,036,222
Total revenues	-	-	-	-	(172,915)	11,786,312
Expenses and losses						
Compensation	-	-	-	-	-	1,888,661
Administrative	-	91,884	33	-	(132,636)	1,640,653
Professional services	2,101	17,045	4,600	-	-	818,931
Depreciation and amortization	-	3,674	-	10,664	-	6,078,421
Grants	-	-	-	-	-	15,000
Facility	-	-	-	-	-	4,735,264
Interest and fees	-	-	-	854	(281)	3,098,896
Bad debts	-	-	-	-	(40,000)	167,958
Provision for impaired assets	-	-	-	-	(281)	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	(1,045)	-
Total expenses and losses	2,101	112,603	4,633	11,518	(174,243)	18,443,784
Excess (deficiency) of revenues over expenses	(2,101)	(112,603)	(4,633)	(11,518)	1,328	(6,657,472)
Net assets at beginning of year	-	1,923,758	-	-	(363,558)	72,365,878
Other transfers to (from) net assets	-	(34,900)	1,442,161	-	57,939	1,504,455
Net assets at end of year	<u>\$ (2,101)</u>	<u>\$ 1,776,255</u>	<u>\$ 1,437,528</u>	<u>\$ (11,518)</u>	<u>\$ (304,291)</u>	<u>\$ 67,212,861</u>

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC (New Tacoma Phase II)
Assets								
Current assets								
Cash and cash equivalents	\$ 2,042,151	\$ 49,447	\$ 13,435	\$ -	\$ 138,414	\$ 109,229	\$ 18,707	\$ -
Cash, tenant security deposits	-	8,248	6,214	-	64,213	-	18,626	-
Cash, restricted	566,719	-	8,879	-	-	-	-	267,248
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	15,350	6,945	465	-	16,081	-	315	-
Due from affiliate, net	2,422,245	-	-	-	7,872	11,524	4,762	-
Pledges receivable, net	73,351	-	-	-	-	-	-	-
Grants receivable	177,631	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	240,025	-	-	-	-	-	-	-
Prepaid expenses and other assets	12,592	5,619	3,988	-	41,602	-	13,584	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	5,550,064	70,259	32,981	-	268,182	120,753	55,994	267,248
Property and equipment								
Land and land improvements	-	173,288	303,978	-	1,940,823	-	3,033,659	809,321
Buildings	37,073	2,475,408	2,190,185	-	21,316,746	-	16,064,570	-
Furniture and equipment	11,952	67,811	7,629	-	918,890	-	413,401	-
Predevelopment project costs	30,045	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	919,913
Accumulated depreciation	(41,169)	(964,209)	(691,614)	-	(5,137,997)	-	(2,788,885)	-
Net property and equipment	37,901	1,752,298	1,810,178	-	19,038,462	-	16,722,745	1,729,234
Other long-term assets								
Restricted property reserves	1,071,791	317,952	48,613	-	456,528	-	603,550	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	1,578,771	-	-	-	-	-	-	-
Pledges receivable, net	117,367	-	-	-	-	-	-	-
Investments in limited partnerships, net	1,069,523	-	-	294,510	-	1,647,104	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	4,939,752	-	-	-	-	8,216,406	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	2,016	-	-	573,535	-	235,307	297,546
Total other long-term assets	8,777,204	319,968	48,613	294,510	1,030,063	9,863,510	838,857	297,546
Total assets	\$ 14,365,169	\$ 2,142,525	\$ 1,891,772	\$ 294,510	\$ 20,336,707	\$ 9,984,263	\$ 17,617,596	\$ 2,294,028

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC (New Tacoma Phase II)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 298,813	\$ 31,267	\$ 20,545	\$ -	\$ 113,833	\$ -	\$ 65,486	\$ 6,271
Due to affiliates	39,491	-	-	5,358	54,199	11,086	-	66,271
Accrued interest	-	1,900	-	-	28,026	-	2,256	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	10,032	19,242	-	-	117,459	-	6,357	-
Current portion of notes payable, affiliates	76,380	-	-	-	-	-	-	1,394
Deferred revenue and other liabilities	-	442	111	-	2,293	-	3,666	-
Tenant security deposits	-	7,858	5,729	-	63,270	-	18,681	-
Total current liabilities	424,716	60,709	26,385	5,358	379,080	11,086	96,446	73,936
Long-term liabilities								
Due to affiliates	-	-	-	-	26,198	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	-	-	-	1,165,708	-	-	-
Notes payable, less current portion, net	22,031	864,029	-	-	10,112,263	-	5,291,784	1,351,622
Notes payable, less current portion, affiliates	-	-	79,106	-	4,385,089	-	8,216,406	-
Deferred revenue and other liabilities	144,800	-	-	-	98,075	-	-	31,156
Total long-term liabilities	166,831	864,029	79,106	-	15,787,333	-	13,508,190	1,382,778
Total liabilities	591,547	924,738	105,491	5,358	16,166,413	11,086	13,604,636	1,456,714
Net assets								
Unrestricted net assets, controlling	12,730,543	636,349	(104,331)	289,152	4,170,294	2,877,195	4,012,960	837,314
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	12,730,543	636,349	(104,331)	289,152	4,170,294	2,877,195	4,012,960	837,314
Temporarily restricted net assets	1,043,079	581,438	1,890,612	-	-	7,095,982	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	13,773,622	1,217,787	1,786,281	289,152	4,170,294	9,973,177	4,012,960	837,314
Total liabilities and net assets	\$ 14,365,169	\$ 2,142,525	\$ 1,891,772	\$ 294,510	\$ 20,336,707	\$ 9,984,263	\$ 17,617,596	\$ 2,294,028

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2014

	Evergreen Vista 1 GP LLC	Evergreen Vista 1 Owner, LP	Rainer Vista Block 43 GP, LLC	Rainer Vista Block 43 Owner, LP (Columbia City Station Apts.)	Cobble Knoll I Mercy LLC	Allegre Mercy Redevelopment LLLP	Villa Kathleen Redevelopment LLLP	Impact Family Village GP LLC
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 3,556	\$ -	\$ 153,178	\$ -	\$ 22,562	\$ 81,021	\$ 3,827
Cash, tenant security deposits	-	29,948	-	18,950	-	44,744	43,799	-
Cash, restricted	-	-	-	-	-	-	(7,834)	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	7,956	-	292	-	198,863	7,868	-
Due from affiliate, net	-	-	18,922	-	31,364	-	32,412	9,638
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	-	14,873	-	9,274	-	11,663	10,583	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	-	56,333	18,922	181,694	31,364	277,832	167,849	13,465
Property and equipment								
Land and land improvements	-	1,068,023	-	2,144,069	-	710,670	1,271,763	-
Buildings	-	11,499,556	-	9,563,579	-	10,433,223	8,975,481	-
Furniture and equipment	-	406,003	-	271,228	-	279,058	345,302	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	1,824	-
Accumulated depreciation	-	(1,680,040)	-	(1,017,695)	-	(561,579)	(126,470)	-
Net property and equipment	-	11,293,542	-	10,961,181	-	10,861,372	10,467,900	-
Other long-term assets								
Restricted property reserves	-	476,659	-	169,455	-	796,553	310,749	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	163	-	(4)	-	228,359	-	-	913,862
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	113,928	-	174,733	-	117,626	230,373	-
Total other long-term assets	163	590,587	(4)	344,188	228,359	914,179	541,122	913,862
Total assets	\$ 163	\$ 11,940,462	\$ 18,918	\$ 11,487,063	\$ 259,723	\$ 12,053,383	\$ 11,176,871	\$ 927,327

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ -	\$ 153,270	\$ -	\$ 45,938	\$ -	\$ 77,215	\$ 1,081,523	\$ -
Due to affiliates	3,673	-	19,158	18,922	32,408	33,110	792,392	1,875
Accrued interest	-	22,165	-	10,931	-	32,178	10,092	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	74,278	-	37,291	-	36,183	5,577,774	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1,389	-	2,897	-	4,601	2,082	-
Tenant security deposits	-	30,994	-	18,500	-	43,074	41,013	-
Total current liabilities	3,673	282,096	19,158	134,479	32,408	226,361	7,504,876	1,875
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	5,231	-
Accrued interest, affiliates	-	568,110	-	-	-	-	-	-
Notes payable, less current portion, net	-	4,633,748	-	9,032,847	-	2,494,366	3,420,252	-
Notes payable, less current portion, affiliates	-	4,110,219	-	-	-	-	-	-
Deferred revenue and other liabilities	-	782,506	-	471,007	-	-	-	-
Total long-term liabilities	-	10,094,583	-	9,503,854	-	2,494,366	3,425,483	-
Total liabilities	3,673	10,376,679	19,158	9,638,333	32,408	2,720,727	10,930,359	1,875
Net assets								
Unrestricted net assets, controlling	(3,510)	1,563,783	(240)	1,848,730	227,315	9,332,656	246,512	925,452
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(3,510)	1,563,783	(240)	1,848,730	227,315	9,332,656	246,512	925,452
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(3,510)	1,563,783	(240)	1,848,730	227,315	9,332,656	246,512	925,452
Total liabilities and net assets	\$ 163	\$ 11,940,462	\$ 18,918	\$ 11,487,063	\$ 259,723	\$ 12,053,383	\$ 11,176,871	\$ 927,327

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2014

	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	MHNW 9 Othello East GP, LLC	MHNW 9 Othello East, LP	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
Assets								
Current assets								
Cash and cash equivalents	\$ 35,706	\$ -	\$ 109,198	\$ -	\$ -	\$ 326,679	\$ -	\$ 3,107,110
Cash, tenant security deposits	21,004	-	78,713	-	-	127,760	-	462,219
Cash, restricted	148,950	-	46,488	-	-	-	-	1,030,450
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	5,437	-	108,618	-	-	10,707	(14,940)	363,957
Due from affiliate, net	-	-	-	-	-	5	(2,474,694)	64,050
Pledges receivable, net	-	-	-	-	-	-	-	73,351
Grants receivable	-	-	-	-	-	-	-	177,631
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	(106,035)	133,990
Prepaid expenses and other assets	258,746	-	37,006	-	-	54,688	-	474,218
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>469,843</u>	<u>-</u>	<u>380,023</u>	<u>-</u>	<u>-</u>	<u>519,839</u>	<u>(2,595,669)</u>	<u>5,886,976</u>
Property and equipment								
Land and land improvements	2,649,051	-	188,941	-	1,897,765	5,915,691	(526,075)	21,580,967
Buildings	12,839,383	-	30,464,758	-	-	32,159,328	(17,847,236)	140,172,054
Furniture and equipment	338,550	-	273,572	-	-	852,665	349,816	4,535,877
Predevelopment project costs	-	-	-	-	98,522	-	-	128,567
Construction in progress	-	-	-	-	-	-	(31,156)	890,581
Accumulated depreciation	<u>(746,765)</u>	<u>-</u>	<u>(1,007,935)</u>	<u>-</u>	<u>-</u>	<u>(15,033,507)</u>	<u>1,529,936</u>	<u>(28,267,929)</u>
Net property and equipment	<u>15,080,219</u>	<u>-</u>	<u>29,919,336</u>	<u>-</u>	<u>1,996,287</u>	<u>23,894,177</u>	<u>(16,524,715)</u>	<u>139,040,117</u>
Other long-term assets								
Restricted property reserves	210,427	-	947,798	-	-	1,210,872	-	6,620,947
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	(1,578,771)	-
Pledges receivable, net	-	-	-	-	-	-	-	117,367
Investments in limited partnerships, net	-	461,931	-	(21)	-	-	(3,546,037)	1,069,390
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	(13,091,688)	64,470
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>275,179</u>	<u>-</u>	<u>530,298</u>	<u>-</u>	<u>26,039</u>	<u>206,758</u>	<u>-</u>	<u>2,783,338</u>
Total other long-term assets	<u>485,606</u>	<u>461,931</u>	<u>1,478,096</u>	<u>(21)</u>	<u>26,039</u>	<u>1,417,630</u>	<u>(18,216,496)</u>	<u>10,655,512</u>
Total assets	<u>\$ 16,035,668</u>	<u>\$ 461,931</u>	<u>\$ 31,777,455</u>	<u>\$ (21)</u>	<u>\$ 2,022,326</u>	<u>\$ 25,831,646</u>	<u>\$ (37,336,880)</u>	<u>\$ 155,582,605</u>

Mercy Housing Northwest
Consolidating Statement of Financial Position
December 31, 2014

	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	MHNW 9 Othello East GP, LLC	MHNW 9 Othello East, LP	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 125,563	\$ -	\$ 930,362	\$ -	\$ 11,011	\$ 304,952	\$ (51,876)	\$ 3,214,173
Due to affiliates	-	1,120	1,500,000	-	64,729	176,299	(2,585,102)	234,989
Accrued interest	-	-	51,578	-	-	18,146	-	177,272
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	188,490	-	-	149,566	-	6,216,672
Current portion of notes payable, affiliates	11,415	-	3,939	-	24,585	-	(41,334)	76,379
Deferred revenue and other liabilities	774	-	6,838	-	1	13,717	(3)	38,808
Tenant security deposits	20,304	-	88,422	-	-	127,503	-	465,348
Total current liabilities	158,056	1,120	2,769,629	-	100,326	790,183	(2,678,315)	10,423,641
Long-term liabilities								
Due to affiliates	-	-	-	-	-	180,000	(206,198)	-
Accrued interest	103,665	-	78,579	-	2,097	267,949	-	457,521
Accrued interest, affiliates	-	-	614,079	-	-	63,675	(2,411,572)	-
Notes payable, less current portion, net	7,647,252	-	17,305,919	-	1,922,000	10,121,643	-	74,219,756
Notes payable, less current portion, affiliates	-	-	10,068,092	-	-	499,950	(26,947,393)	411,469
Deferred revenue and other liabilities	402,865	-	-	-	-	-	(1,650,647)	279,762
Total long-term liabilities	8,153,782	-	28,066,669	-	1,924,097	11,133,217	(31,215,810)	75,368,508
Total liabilities	8,311,838	1,120	30,836,298	-	2,024,423	11,923,400	(33,894,125)	85,792,149
Net assets								
Unrestricted net assets, controlling	7,723,830	460,811	941,157	(21)	(2,097)	13,619,496	(3,442,755)	58,890,595
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	7,723,830	460,811	941,157	(21)	(2,097)	13,619,496	(3,442,755)	58,890,595
Temporarily restricted net assets	-	-	-	-	-	288,750	-	10,899,861
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	7,723,830	460,811	941,157	(21)	(2,097)	13,908,246	(3,442,755)	69,790,456
Total liabilities and net assets	\$ 16,035,668	\$ 461,931	\$ 31,777,455	\$ (21)	\$ 2,022,326	\$ 25,831,646	\$ (37,336,880)	\$ 155,582,605

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing Northwest	Intercommunity Housing Ferndale	Sterling Senior Housing	Appian Way Manager LLC	Appian Way Mercy, LLC (Appian Way Apartments)	New Tacoma Phase I GP LLC	New Tacoma Phase I Owner, LP (New Tacoma Phase I)	New Tacoma Phase II Mercy LLC (New Tacoma Phase II)
Revenues								
Rent - net of vacancies	\$ -	\$ 290,098	\$ 147,044	\$ -	\$ 1,382,564	\$ -	\$ 454,127	\$ -
Developer fees	2,709,189	-	-	-	-	-	-	-
Services fees	348,116	-	-	-	-	11,087	-	-
Philanthropy	1,299,296	-	-	-	-	-	-	-
Capital grants	100,000	-	-	-	-	-	-	-
Consulting	94,795	-	-	-	-	-	-	-
Interest	987,486	288	24	-	121	-	307	-
Other	1,576,551	3,494	1,621	-	43,265	-	12,203	-
Total revenues	7,115,433	293,880	148,689	-	1,425,950	11,087	466,637	-
Expenses and losses								
Compensation	1,891,643	53,335	53,324	-	234,285	-	138,420	-
Administrative	310,599	31,990	23,567	-	143,119	31,070	97,294	53
Professional services	205,526	10,426	14,739	679	37,265	678	55,201	17,198
Depreciation and amortization	3,838	95,551	79,792	-	944,747	-	751,930	-
Grants	246,580	-	-	-	-	-	-	-
Facility	109,366	110,370	63,574	-	416,561	-	137,427	-
Interest and fees	6,539	46,830	180	-	546,987	-	27,294	-
Bad debts	332,155	48	-	-	4,204	-	1,551	-
Provision for impaired assets	810,866	-	-	-	-	-	-	-
Project expenses	4,775	-	-	-	-	-	-	-
Allocation	1,030,356	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(422)	-	-	90	-	74	-	-
Total expenses and losses	4,951,821	348,550	235,176	769	2,327,168	31,822	1,209,117	17,251
Excess (deficiency) of revenues over expenses	2,163,612	(54,670)	(86,487)	(769)	(901,218)	(20,735)	(742,480)	(17,251)
Net assets at beginning of year	11,610,010	1,272,457	1,872,768	289,921	5,071,512	9,993,912	4,755,440	2,143
Other transfers to (from) net assets	-	-	-	-	-	-	-	852,422
Net assets at end of year	\$ 13,773,622	\$ 1,217,787	\$ 1,786,281	\$ 289,152	\$ 4,170,294	\$ 9,973,177	\$ 4,012,960	\$ 837,314

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ -	\$ 901,904	\$ -	\$ 513,665	\$ -	\$ 584,285	\$ 383,132	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	8,034	-	19,664	-	-	7,763
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	183	-	42	-	231	44	-
Other	-	21,113	-	5,350	168,989	19,474	12,864	10,000
Total revenues	-	923,200	8,034	519,057	188,653	603,990	396,040	17,763
Expenses and losses								
Compensation	-	148,651	-	102,746	-	146,832	94,070	-
Administrative	-	121,023	8,105	74,335	19,665	95,859	81,097	1,876
Professional services	678	26,317	678	10,705	989	11,280	15,095	2,779
Depreciation and amortization	-	488,571	-	424,817	-	356,585	187,762	-
Grants	-	-	-	-	-	-	-	-
Facility	-	300,794	-	155,206	-	286,812	96,948	-
Interest and fees	-	426,739	-	135,156	84,152	38,666	45,691	-
Bad debts	-	52,620	-	403	-	2,969	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	64	-	38	-	46	-	-	91
Total expenses and losses	742	1,564,715	8,821	903,368	104,852	939,003	520,663	4,746
Excess (deficiency) of revenues over expenses	(742)	(641,515)	(787)	(384,311)	83,801	(335,013)	(124,623)	13,017
Net assets at beginning of year	(2,768)	2,205,298	547	2,233,041	595,233	8,300,836	210,619	912,435
Other transfers to (from) net assets	-	-	-	-	(451,719)	1,366,833	160,516	-
Net assets at end of year	<u>\$ (3,510)</u>	<u>\$ 1,563,783</u>	<u>\$ (240)</u>	<u>\$ 1,848,730</u>	<u>\$ 227,315</u>	<u>\$ 9,332,656</u>	<u>\$ 246,512</u>	<u>\$ 925,452</u>

Mercy Housing Northwest
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Impact Family Village Limited Partnership (Emerald City Commons)	Family Tree & Lincoln Way GP, LLC	Family Tree & Lincoln Way LLLP	MHNW 9 Othello East GP, LLC	MHNW 9 Othello East, LP	Consolidated Mercy Properties Washington	Eliminations	Consolidated Mercy Housing Northwest
Revenues								
Rent - net of vacancies	\$ 606,097	\$ -	\$ 1,609,168	\$ -	\$ -	\$ 2,125,651	\$ (127,116)	\$ 8,870,619
Developer fees	-	-	-	-	-	-	(39,711)	2,669,478
Services fees	-	-	-	-	-	-	(336,316)	58,348
Philanthropy	-	-	-	-	-	-	-	1,299,296
Capital grants	-	-	-	-	-	-	-	100,000
Consulting	-	-	-	-	-	-	-	94,795
Interest	77	-	94	-	-	1,503	(977,142)	13,258
Other	15,155	-	31,954	-	-	64,830	(1,049,428)	937,435
Total revenues	<u>621,329</u>	<u>-</u>	<u>1,641,216</u>	<u>-</u>	<u>-</u>	<u>2,191,984</u>	<u>(2,529,713)</u>	<u>14,043,229</u>
Expenses and losses								
Compensation	150,671	-	338,552	-	-	537,178	-	3,889,707
Administrative	227,252	131	268,259	-	-	472,027	(70,737)	1,936,584
Professional services	93,746	989	21,051	-	-	231,518	(265,578)	491,959
Depreciation and amortization	666,517	-	1,112,556	-	-	1,444,089	(598,413)	5,958,342
Grants	-	-	-	-	-	584,170	(753,117)	77,633
Facility	263,495	-	409,477	-	-	811,789	(34,202)	3,127,617
Interest and fees	129,148	-	844,369	-	2,097	196,143	(927,911)	1,602,080
Bad debts	5,231	-	4,531	-	-	1,805	(149,966)	255,551
Provision for impaired assets	-	-	-	-	-	-	(808,706)	2,160
Project expenses	-	-	-	-	-	-	-	4,775
Allocation	-	-	-	-	-	-	-	1,030,356
(Gain) loss on sale of assets	-	-	-	-	-	4,570	(4,570)	-
(Gain) loss on investment in limited partnership	-	136	-	21	-	-	(495)	(357)
Total expenses and losses	<u>1,536,060</u>	<u>1,256</u>	<u>2,998,795</u>	<u>21</u>	<u>2,097</u>	<u>4,283,289</u>	<u>(3,613,695)</u>	<u>18,376,407</u>
Excess (deficiency) of revenues over expenses	(914,731)	(1,256)	(1,357,579)	(21)	(2,097)	(2,091,305)	1,083,982	(4,333,178)
Net assets at beginning of year	1,877,258	462,067	2,332,236	-	-	15,999,551	(4,883,620)	65,110,896
Other transfers to (from) net assets	6,761,303	-	(33,500)	-	-	-	356,883	9,012,738
Net assets at end of year	<u>\$ 7,723,830</u>	<u>\$ 460,811</u>	<u>\$ 941,157</u>	<u>\$ (21)</u>	<u>\$ (2,097)</u>	<u>\$ 13,908,246</u>	<u>\$ (3,442,755)</u>	<u>\$ 69,790,456</u>

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Properties Washington	Intercommunity Mercy Washington II, LP (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	\$ 22,924	\$ -	\$ 3,490	\$ 118,424	\$ 92,834	\$ 14,741	\$ 35,884
Cash, tenant security deposits	-	-	15,105	34,766	28,006	23,815	12,750
Cash, restricted	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	-	152	1,669	-	535	3,632
Due from affiliate, net	317,239	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	5,618	11,032	8,863	8,289	11,541
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	340,163	-	24,365	165,891	129,703	47,380	63,807
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	5,105,310	7,446,553
Furniture and equipment	-	-	113,316	183,969	133,458	185,131	129,998
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	-	(1,569,059)	(3,140,673)	(2,755,089)	(2,438,551)	(2,830,148)
Net property and equipment	-	-	1,994,336	3,195,485	3,221,920	3,467,856	6,592,324
Other long-term assets							
Restricted property reserves	-	-	63,286	226,526	186,796	163,835	230,938
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net.	1,975,927	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	18,077	6,247	7,839	10,964	111,826
Total other long-term assets	1,975,927	-	81,363	232,773	194,635	174,799	342,764
Total assets	\$ 2,316,090	\$ -	\$ 2,100,064	\$ 3,594,149	\$ 3,546,258	\$ 3,690,035	\$ 6,998,895

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Properties Washington	Intercommunity Mercy Washington II, LP (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	\$ 58	\$ -	\$ 24,821	\$ 33,484	\$ 98,396	\$ 39,330	\$ 80,583
Due to affiliates	159,182	-	148,216	172,959	-	108,096	7,116
Accrued interest	-	-	-	5,700	6,024	1,750	4,672
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	-	6,048	27,708	17,480	15,274	37,620
Current portion of notes payable, affiliates	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	-	1,847	47	3,382	3,186	1,630
Tenant security deposits	-	-	14,994	34,029	27,938	23,754	13,975
Total current liabilities	159,240	-	195,926	273,927	153,220	191,390	145,596
Long-term liabilities							
Due to affiliates	180,000	-	-	-	-	-	-
Accrued interest	-	-	-	267,949	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	63,675
Notes payable, less current portion, net	-	-	832,936	2,731,736	785,776	1,106,874	3,069,941
Notes payable, less current portion, affiliates	-	-	-	-	-	-	499,950
Deferred revenue and other liabilities	-	-	-	-	-	-	-
Total long-term liabilities	180,000	-	832,936	2,999,685	785,776	1,106,874	3,633,566
Total liabilities	339,240	-	1,028,862	3,273,612	938,996	1,298,264	3,779,162
Net assets							
Unrestricted net assets, controlling	1,688,100	-	1,071,202	320,537	2,607,262	2,391,771	3,219,733
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	1,688,100	-	1,071,202	320,537	2,607,262	2,391,771	3,219,733
Temporarily restricted net assets	288,750	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	1,976,850	-	1,071,202	320,537	2,607,262	2,391,771	3,219,733
Total liabilities and net assets	\$ 2,316,090	\$ -	\$ 2,100,064	\$ 3,594,149	\$ 3,546,258	\$ 3,690,035	\$ 6,998,895

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Assets			
Current assets			
Cash and cash equivalents	\$ 38,382	\$ -	\$ 326,679
Cash, tenant security deposits	13,318	-	127,760
Cash, restricted	-	-	-
Investments	-	-	-
Investments, restricted	-	-	-
Accounts receivable, net	4,719	-	10,707
Due from affiliate, net	5	(317,239)	5
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	9,345	-	54,688
Inventory	-	-	-
Assets held for sale	-	-	-
Total current assets	<u>65,769</u>	<u>(317,239)</u>	<u>519,839</u>
Property and equipment			
Land and land improvements	766,630	(162,500)	5,915,691
Buildings	7,011,320	-	32,159,328
Furniture and equipment	106,793	-	852,665
Predevelopment project costs	-	-	-
Construction in progress	-	-	-
Accumulated depreciation	<u>(2,299,987)</u>	<u>-</u>	<u>(15,033,507)</u>
Net property and equipment	<u>5,584,756</u>	<u>(162,500)</u>	<u>23,894,177</u>
Other long-term assets			
Restricted property reserves	339,491	-	1,210,872
Long-term investments	-	-	-
Long-term investments, restricted	-	-	-
Due from affiliates	-	-	-
Pledges receivable, net	-	-	-
Investments in limited partnerships, net.	-	(1,975,927)	-
Notes and interest receivable, net	-	-	-
Notes and interest receivable, affiliates	-	-	-
Allowance for impaired assets	-	-	-
Other assets, net	<u>51,805</u>	<u>-</u>	<u>206,758</u>
Total other long-term assets	<u>391,296</u>	<u>(1,975,927)</u>	<u>1,417,630</u>
Total assets	<u>\$ 6,041,821</u>	<u>\$ (2,455,666)</u>	<u>\$ 25,831,646</u>

Mercy Properties Washington
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Liabilities			
Current liabilities			
Accounts payable and accrued expenses	\$ 28,280	\$ -	\$ 304,952
Due to affiliates	70,401	(489,671)	176,299
Accrued interest	-	-	18,146
Accrued interest, affiliates	-	-	-
Current portion of notes payable	45,436	-	149,566
Current portion of notes payable, affiliates	-	-	-
Deferred revenue and other liabilities	3,624	1	13,717
Tenant security deposits	12,813	-	127,503
Total current liabilities	160,554	(489,670)	790,183
Long-term liabilities			
Due to affiliates	-	-	180,000
Accrued interest	-	-	267,949
Accrued interest, affiliates	-	-	63,675
Notes payable, less current portion, net	1,594,380	-	10,121,643
Notes payable, less current portion, affiliates	-	-	499,950
Deferred revenue and other liabilities	-	-	-
Total long-term liabilities	1,594,380	-	11,133,217
Total liabilities	1,754,934	(489,670)	11,923,400
Net assets			
Unrestricted net assets, controlling	4,286,887	(1,965,996)	13,619,496
Unrestricted net assets, noncontrolling	-	-	-
Total unrestricted net assets	4,286,887	(1,965,996)	13,619,496
Temporarily restricted net assets	-	-	288,750
Permanently restricted net assets	-	-	-
Total net assets	4,286,887	(1,965,996)	13,908,246
Total liabilities and net assets	\$ 6,041,821	\$ (2,455,666)	\$ 25,831,646

Mercy Properties Washington
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Properties Washington	Intercommunity Mercy Washington II, LP (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	\$ -	\$ 5,255	\$ 180,501	\$ 399,466	\$ 385,599	\$ 320,639	\$ 458,999
Developer fees	-	-	-	-	-	-	-
Services fees	105,357	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	-	104	14	124	67	288	81
Other	21,068	21,871	7,321	12,807	5,882	7,439	6,674
Total revenues	126,425	27,230	187,836	412,397	391,548	328,366	465,754
Expenses and losses							
Compensation	-	(11,463)	42,263	102,174	95,132	73,886	124,136
Administrative	149,878	(583)	46,977	89,134	60,852	79,598	57,198
Professional services	892	-	18,595	23,074	26,037	25,927	102,534
Depreciation and amortization	-	-	131,040	226,923	207,228	199,391	388,210
Grants	-	584,170	-	-	-	-	-
Facility	-	28,383	91,870	131,987	185,361	126,714	154,588
Interest and fees	-	(1,347)	46	90,143	8,128	21,270	64,048
Bad debts	21,068	-	620	-	635	250	300
Provision for impaired assets	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(4,670)	4,570	-	-	-	-	-
(Gain) loss on investment in limited partnership	896	-	-	-	-	-	-
Total expenses and losses	168,064	603,730	331,411	663,435	583,373	527,036	891,014
Excess (deficiency) of revenues over expenses	(41,639)	(576,500)	(143,575)	(251,038)	(191,825)	(198,670)	(425,260)
Net assets at beginning of year	2,018,489	576,500	1,214,777	571,575	2,799,087	2,590,441	3,644,993
Other transfers to (from) net assets	-	-	-	-	-	-	-
Net assets at end of year	\$ 1,976,850	\$ -	\$ 1,071,202	\$ 320,537	\$ 2,607,262	\$ 2,391,771	\$ 3,219,733

Mercy Properties Washington
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing Washington X, LLC (Catalina Apartments)	Eliminations	Consolidated Mercy Properties Washington
Revenues			
Rent - net of vacancies	\$ 375,192	\$ -	\$ 2,125,651
Developer fees	-	-	-
Services fees	-	(105,357)	-
Philanthropy	-	-	-
Capital grants	-	-	-
Consulting	-	-	-
Interest	825	-	1,503
Other	2,836	(21,068)	64,830
Total revenues	<u>378,853</u>	<u>(126,425)</u>	<u>2,191,984</u>
Expenses and losses			
Compensation	111,050	-	537,178
Administrative	91,871	(102,898)	472,027
Professional services	34,459	-	231,518
Depreciation and amortization	291,297	-	1,444,089
Grants	-	-	584,170
Facility	92,886	-	811,789
Interest and fees	13,855	-	196,143
Bad debts	-	(21,068)	1,805
Provision for impaired assets	-	-	-
Project expenses	-	-	-
Allocation	-	-	-
(Gain) loss on sale of assets	-	4,670	4,570
(Gain) loss on investment in limited partnership	-	(896)	-
Total expenses and losses	<u>635,418</u>	<u>(120,192)</u>	<u>4,283,289</u>
Excess (deficiency) of revenues over expenses	(256,565)	(6,233)	(2,091,305)
Net assets at beginning of year	4,543,452	(1,959,763)	15,999,551
Other transfers to (from) net assets	-	-	-
Net assets at end of year	<u>\$ 4,286,887</u>	<u>\$ (1,965,996)</u>	<u>\$ 13,908,246</u>

General Partners
Consolidating Statement of Financial Position
December 31, 2014

	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
Assets							
Current assets							
Cash and cash equivalents	\$ 2,593,043	\$ 445,877	\$ 60,558	\$ -	\$ 17,136	\$ 708,018	\$ 65,567
Cash, tenant security deposits	686,104	47,861	20,170	-	8,510	290,671	116,332
Cash, restricted	1,460	-	40,058	-	-	800	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	341,445	3,888	14,311	-	11,658	50,135	56,958
Due from affiliate, net	4,928	1,001	-	-	-	4,779	-
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	553,561	34,447	35,176	-	8,008	160,428	56,377
Inventory	-	-	-	-	-	-	-
Assets held for sale	99,100	-	-	-	-	-	-
Total current assets	<u>4,279,641</u>	<u>533,074</u>	<u>170,273</u>	<u>-</u>	<u>45,312</u>	<u>1,214,831</u>	<u>295,234</u>
Property and equipment							
Land and land improvements	15,811,223	2,199,934	561,839	-	66,022	6,394,594	-
Buildings	157,200,121	10,633,927	9,377,781	-	1,070,861	43,443,778	26,264,984
Furniture and equipment	5,241,666	264,274	311,072	-	49,456	1,208,620	610,016
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	(76,400,176)	(5,263,190)	(6,214,333)	-	(816,180)	(27,122,093)	(14,242,630)
Net property and equipment	<u>101,852,834</u>	<u>7,834,945</u>	<u>4,036,359</u>	<u>-</u>	<u>370,159</u>	<u>23,924,899</u>	<u>12,632,370</u>
Other long-term assets							
Restricted property reserves	8,602,948	513,988	920,583	-	29,229	2,139,817	911,314
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	547,206	-	-	-	-	(21,818,231)	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	1,197,412	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	1,520,089	92,440	5,649	-	15,897	152,125	30,738
Total other long-term assets	<u>10,670,243</u>	<u>606,428</u>	<u>926,232</u>	<u>-</u>	<u>45,126</u>	<u>(18,328,877)</u>	<u>942,052</u>
Total assets	<u>\$ 116,802,718</u>	<u>\$ 8,974,447</u>	<u>\$ 5,132,864</u>	<u>\$ -</u>	<u>\$ 460,597</u>	<u>\$ 6,810,853</u>	<u>\$ 13,869,656</u>

General Partners
Consolidating Statement of Financial Position
December 31, 2014

	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
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ 2,157,444	\$ 149,582	\$ 115,520	\$ -	\$ 60,882	\$ 472,878	\$ 222,608
Due to affiliates	4,312,293	161,618	56,600	-	294,447	924,177	150,625
Accrued interest	113,394	51,206	-	-	1,530	29,461	21,875
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	1,479,706	99,705	-	-	6,968	332,093	61,662
Current portion of notes payable, affiliates	129,417	-	-	-	-	52,735	-
Deferred revenue and other liabilities	179,636	4,066	5,395	-	26,420	49,418	5,808
Tenant security deposits	685,669	48,600	20,264	-	8,010	302,990	115,832
Total current liabilities	9,057,559	514,777	197,779	-	398,257	2,163,752	578,410
Long-term liabilities							
Due to affiliates	-	-	-	-	-	1,352,738	-
Accrued interest	16,626,026	46,450	3,110,540	-	246,698	7,880,921	655,802
Accrued interest, affiliates	2,739,503	43,570	-	-	-	716,513	-
Notes payable, less current portion, net	56,222,329	5,527,539	3,532,176	-	1,088,916	22,687,325	6,165,714
Notes payable, less current portion, affiliates	12,986,923	414,246	-	-	-	545,068	-
Deferred revenue and other liabilities	2,363,062	7,560	-	-	-	566	-
Total long-term liabilities	90,937,843	6,039,365	6,642,716	-	1,335,614	33,183,131	6,821,516
Total liabilities	99,995,402	6,554,142	6,840,495	-	1,733,871	35,346,883	7,399,926
Net assets							
Unrestricted net assets, controlling	16,649,892	2,420,305	(1,707,631)	-	(1,273,274)	(28,536,030)	4,873,730
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	16,649,892	2,420,305	(1,707,631)	-	(1,273,274)	(28,536,030)	4,873,730
Temporarily restricted net assets	157,424	-	-	-	-	-	1,596,000
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	16,807,316	2,420,305	(1,707,631)	-	(1,273,274)	(28,536,030)	6,469,730
Total liabilities and net assets	\$ 116,802,718	\$ 8,974,447	\$ 5,132,864	\$ -	\$ 460,597	\$ 6,810,853	\$ 13,869,656

General Partners
Consolidating Statement of Financial Position
December 31, 2014

	Consolidated Mercy Housing West	Consolidated Florin Housing Corporation	Consolidated Affordable Housing Corp.	Eliminations	Consolidated General Partners
Assets					
Current assets					
Cash and cash equivalents	\$ 5,243,542	\$ -	\$ 171,767	\$ -	\$ 9,305,508
Cash, tenant security deposits	1,458,315	-	33,620	-	2,661,583
Cash, restricted	1,281,282	-	-	-	1,323,600
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	555,804	-	-	-	1,034,199
Due from affiliate, net	43,235	-	-	(3,543)	50,400
Pledges receivable, net	-	-	-	-	-
Grants receivable	86,566	-	-	-	86,566
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	1,125,699	-	30,824	-	2,004,520
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	99,100
Total current assets	<u>9,794,443</u>	<u>-</u>	<u>236,211</u>	<u>(3,543)</u>	<u>16,565,476</u>
Property and equipment					
Land and land improvements	66,898,375	-	540,388	-	92,472,375
Buildings	572,940,971	-	7,101,745	-	828,034,168
Furniture and equipment	13,409,352	-	181,040	-	21,275,496
Predevelopment project costs	-	-	-	-	-
Construction in progress	723,737	-	-	-	723,737
Accumulated depreciation	(179,710,109)	-	(4,122,037)	-	(313,890,748)
Net property and equipment	<u>474,262,326</u>	<u>-</u>	<u>3,701,136</u>	<u>-</u>	<u>628,615,028</u>
Other long-term assets					
Restricted property reserves	18,266,075	-	343,430	-	31,727,384
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	(6,345,199)	-	-	23,670,844	(3,945,380)
Notes and interest receivable, net	285,520	-	-	-	285,520
Notes and interest receivable, affiliates	-	-	-	-	1,197,412
Allowance for impaired assets	-	-	-	-	-
Other assets, net	7,137,217	-	42,298	-	8,996,453
Total other long-term assets	<u>19,343,613</u>	<u>-</u>	<u>385,728</u>	<u>23,670,844</u>	<u>38,261,389</u>
Total assets	<u>\$ 503,400,382</u>	<u>\$ -</u>	<u>\$ 4,323,075</u>	<u>\$ 23,667,301</u>	<u>\$ 683,441,893</u>

General Partners
Consolidating Statement of Financial Position
December 31, 2014

	Consolidated Mercy Housing West	Consolidated Florin Housing Corporation	Consolidated Affordable Housing Corp.	Eliminations	Consolidated General Partners
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ 6,689,748	\$ -	\$ 227,588	\$ (98)	\$ 10,096,152
Due to affiliates	5,148,319	-	431,774	(3,446)	11,476,407
Accrued interest	319,420	-	20,680	-	557,566
Accrued interest, affiliates	-	-	136	-	136
Current portion of notes payable	11,808,223	-	74,930	-	13,863,287
Current portion of notes payable, affiliates	51,565	-	84,487	-	318,204
Deferred revenue and other liabilities	473,959	-	3,429	1	748,132
Tenant security deposits	1,486,461	-	32,449	-	2,700,275
Total current liabilities	25,977,695	-	875,473	(3,543)	39,760,159
Long-term liabilities					
Due to affiliates	-	-	-	-	1,352,738
Accrued interest	29,514,858	-	137,016	-	58,218,311
Accrued interest, affiliates	1,010,947	-	525,234	-	5,035,767
Notes payable, less current portion, net	295,039,121	-	2,455,666	-	392,718,786
Notes payable, less current portion, affiliates	9,595,357	-	648,710	-	24,190,304
Deferred revenue and other liabilities	6,935,838	-	6,896	-	9,313,922
Total long-term liabilities	342,096,121	-	3,773,522	-	490,829,828
Total liabilities	368,073,816	-	4,648,995	(3,543)	530,589,987
Net assets					
Unrestricted net assets, controlling	99,284,542	-	(325,920)	23,670,844	115,056,458
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	99,284,542	-	(325,920)	23,670,844	115,056,458
Temporarily restricted net assets	36,042,024	-	-	-	37,795,448
Permanently restricted net assets	-	-	-	-	-
Total net assets	135,326,566	-	(325,920)	23,670,844	152,851,906
Total liabilities and net assets	\$ 503,400,382	\$ -	\$ 4,323,075	\$ 23,667,301	\$ 683,441,893

General Partners
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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
Revenues							
Rent - net of vacancies	\$ 16,801,823	\$ 1,375,518	\$ 951,234	\$ -	\$ 208,044	\$ 4,280,729	\$ 1,726,410
Developer fees	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	3,202	-
Philanthropy	30,994	-	-	-	-	-	-
Capital grants	32,725	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	92,179	346	521	-	46	18,150	427
Other	1,844,037	1,027,177	15,643	47,407	44,736	747,558	11,882
Total revenues	<u>18,801,758</u>	<u>2,403,041</u>	<u>967,398</u>	<u>47,407</u>	<u>252,826</u>	<u>5,049,639</u>	<u>1,738,719</u>
Expenses and losses							
Compensation	4,091,630	285,414	385,281	-	78,855	830,504	354,408
Administrative	2,780,037	298,041	155,984	-	40,792	733,107	200,396
Professional services	820,941	67,087	89,952	366	13,240	321,687	36,287
Depreciation and amortization	6,339,038	483,767	358,574	-	16,535	1,519,007	950,505
Grants	1,513	-	-	-	-	134,527	-
Facility	6,620,582	375,658	333,225	-	125,094	1,495,165	727,657
Interest and fees	3,244,119	321,870	175,553	-	39,550	894,904	334,980
Bad debts	39,546	3,740	5,231	-	5,395	23,159	41,042
Provision for impaired assets	14,430	-	-	-	-	17,010	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(1,597,463)	128,109	-	(18,170)	-	(642,781)	-
(Gain) loss on investment in limited partnership	(128,374)	-	-	(7,505)	-	2,304,357	-
Total expenses and losses	<u>22,225,999</u>	<u>1,963,686</u>	<u>1,503,800</u>	<u>(25,309)</u>	<u>319,461</u>	<u>7,630,646</u>	<u>2,645,275</u>
Excess (deficiency) of revenues over expenses	(3,424,241)	439,355	(536,402)	72,716	(66,635)	(2,581,007)	(906,556)
Net assets at beginning of year	20,229,749	1,980,950	(1,171,229)	(72,716)	(1,206,639)	(26,045,097)	7,376,286
Other transfers to (from) net assets	<u>1,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,074</u>	<u>-</u>
Net assets at end of year	<u>\$ 16,807,316</u>	<u>\$ 2,420,305</u>	<u>\$ (1,707,631)</u>	<u>\$ -</u>	<u>\$ (1,273,274)</u>	<u>\$ (28,536,030)</u>	<u>\$ 6,469,730</u>

General Partners
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Consolidated Mercy Housing West	Consolidated Florin Housing Corporation	Consolidated Affordable Housing Corp.	Eliminations	Consolidated General Partners
Revenues					
Rent - net of vacancies	\$ 27,340,225	\$ 121,479	\$ 1,178,956	\$ -	\$ 53,984,418
Developer fees	-	-	-	-	-
Services fees	489	-	-	(3,202)	489
Philanthropy	63,870	-	-	-	94,864
Capital grants	45,878	-	-	-	78,603
Consulting	-	-	-	-	-
Interest	173,123	84	332	-	285,208
Other	3,090,653	542,550	183,373	-	7,555,016
Total revenues	30,714,238	664,113	1,362,661	(3,202)	61,998,598
Expenses and losses					
Compensation	6,701,150	3,333	260,292	-	12,990,867
Administrative	4,467,464	17,732	239,561	(3,202)	8,929,912
Professional services	1,795,879	1,183	31,207	-	3,177,829
Depreciation and amortization	24,802,603	40,042	280,596	-	34,790,667
Grants	-	230,764	366,155	-	732,959
Facility	10,079,339	32,957	698,821	-	20,488,498
Interest and fees	7,600,678	88,853	158,531	-	12,859,038
Bad debts	86,832	-	9,197	-	214,142
Provision for impaired assets	-	-	-	-	31,440
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	(26,084)	-	(68,166)	343,313	(1,881,242)
(Gain) loss on investment in limited partnership	126,381	-	-	(261,204)	2,033,655
Total expenses and losses	55,634,242	414,864	1,976,194	78,907	94,367,765
Excess (deficiency) of revenues over expenses	(24,920,004)	249,249	(613,533)	(82,109)	(32,369,167)
Net assets at beginning of year	168,596,391	(352,268)	287,613	20,065,107	189,688,147
Other transfers to (from) net assets	(8,349,821)	103,019	-	3,687,846	(4,467,074)
Net assets at end of year	\$ 135,326,566	\$ -	\$ (325,920)	\$ 23,670,844	\$ 152,851,906

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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)	Marlton Affordable Housing Associates (Marlton Manor)
Assets								
Current assets								
Cash and cash equivalents	\$ -	\$ 43,812	\$ 17,047	\$ 213,518	\$ -	\$ 109,898	\$ 60,741	\$ 1,221,316
Cash, tenant security deposits	-	78,626	72,785	57,730	-	18,839	10,949	40,520
Cash, restricted	-	-	300	-	-	-	-	300
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	8,992	46,932	837	-	838	-	15,310
Due from affiliate, net	691,639	4,928	-	-	-	-	-	-
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	-	48,823	70,640	14,064	-	10,406	12,529	55,577
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>691,639</u>	<u>185,181</u>	<u>207,704</u>	<u>286,149</u>	<u>-</u>	<u>139,981</u>	<u>84,219</u>	<u>1,333,023</u>
Property and equipment								
Land and land improvements	-	5,300	1,737,711	991,080	-	937,456	160,654	27,431
Buildings	-	10,013,258	15,671,544	7,823,596	-	6,416,446	3,283,691	15,272,137
Furniture and equipment	-	373,164	336,379	331,742	-	151,331	51,764	615,983
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	-	(8,836,894)	(8,502,512)	(5,214,041)	-	(2,826,402)	(1,497,749)	(7,166,021)
Net property and equipment	<u>-</u>	<u>1,554,828</u>	<u>9,243,122</u>	<u>3,932,377</u>	<u>-</u>	<u>4,678,831</u>	<u>1,998,360</u>	<u>8,749,530</u>
Other long-term assets								
Restricted property reserves	-	844,679	503,165	330,030	-	261,119	55,208	1,118,168
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	315,841	-	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	65,360	9,724	57,911	-	52,822	26,076	75,741
Total other long-term assets	<u>315,841</u>	<u>910,039</u>	<u>512,889</u>	<u>387,941</u>	<u>-</u>	<u>313,941</u>	<u>81,284</u>	<u>1,193,909</u>
Total assets	<u>\$ 1,007,480</u>	<u>\$ 2,650,048</u>	<u>\$ 9,963,715</u>	<u>\$ 4,606,467</u>	<u>\$ -</u>	<u>\$ 5,132,753</u>	<u>\$ 2,163,863</u>	<u>\$ 11,276,462</u>

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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)	Marlton Affordable Housing Associates (Marlton Manor)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ -	\$ 117,944	\$ 151,526	\$ 40,879	\$ -	\$ 29,917	\$ 93,156	\$ 149,261
Due to affiliates	1,622,625	10,000	243,576	19,479	-	300,000	-	77,685
Accrued interest	-	-	2,537	6,735	-	8,810	2,313	10,680
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	507,392	66,695	-	26,063	3,886	370,542
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	1	18,183	2,423	-	786	39,563	1,226
Tenant security deposits	-	80,274	72,285	57,153	-	18,339	10,298	39,690
Total current liabilities	1,622,625	208,219	995,499	193,364	-	383,915	149,216	649,084
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	4,578,339	4,440,161	2,514	-	201,054	-	-
Accrued interest, affiliates	37,944	-	-	-	-	375,947	4,299	-
Notes payable, less current portion, net	-	6,635,103	8,097,865	1,309,769	-	1,766,800	378,899	1,447,288
Notes payable, less current portion, affiliates	955,833	-	-	-	-	774,312	1,330,000	-
Deferred revenue and other liabilities	-	-	5,918	1,856	-	231,917	228,601	387,855
Total long-term liabilities	993,777	11,213,442	12,543,944	1,314,139	-	3,350,030	1,941,799	1,835,143
Total liabilities	2,616,402	11,421,661	13,539,443	1,507,503	-	3,733,945	2,091,015	2,484,227
Net assets								
Unrestricted net assets, controlling	(1,766,346)	(8,771,613)	(3,575,728)	3,098,964	-	1,398,808	72,848	8,792,235
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,766,346)	(8,771,613)	(3,575,728)	3,098,964	-	1,398,808	72,848	8,792,235
Temporarily restricted net assets	157,424	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(1,608,922)	(8,771,613)	(3,575,728)	3,098,964	-	1,398,808	72,848	8,792,235
Total liabilities and net assets	\$ 1,007,480	\$ 2,650,048	\$ 9,963,715	\$ 4,606,467	\$ -	\$ 5,132,753	\$ 2,163,863	\$ 11,276,462

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing California V, LP (Mercy Village Folsom)	Park Terrace Apartments, LP	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10 th 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)
Assets								
Current assets								
Cash and cash equivalents	\$ 15,944	\$ 83,569	\$ 45,369	\$ 43,366	\$ 65,092	\$ 3,781	\$ 26,388	\$ -
Cash, tenant security deposits	48,609	31,855	19,887	10,922	16,950	8,093	27,378	-
Cash, restricted	200	400	-	-	-	100	160	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	2,431	26,211	98,665	4,162	4,910	-	6,991	-
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	30,643	16,106	29,964	5,282	14,147	6,484	14,696	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>97,827</u>	<u>158,141</u>	<u>193,885</u>	<u>63,732</u>	<u>101,099</u>	<u>18,458</u>	<u>75,613</u>	<u>-</u>
Property and equipment								
Land and land improvements	785,272	832,080	-	145,725	-	516,164	891,045	-
Buildings	10,477,990	5,030,182	6,326,114	1,803,830	3,255,428	2,432,522	4,875,008	-
Furniture and equipment	424,290	138,151	253,376	6,718	45,451	112,257	218,085	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	(4,777,035)	(2,856,985)	(2,188,552)	(1,217,124)	(1,802,069)	(1,458,090)	(4,807,573)	-
Net property and equipment	<u>6,910,517</u>	<u>3,143,428</u>	<u>4,390,938</u>	<u>739,149</u>	<u>1,498,810</u>	<u>1,602,853</u>	<u>1,176,565</u>	<u>-</u>
Other long-term assets								
Restricted property reserves	393,379	443,042	397,635	198,367	417,064	121,575	150,529	-
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	92,127	59,789	6,926	-	4,024	1,983	4,252	-
Total other long-term assets	<u>485,506</u>	<u>502,831</u>	<u>404,561</u>	<u>198,367</u>	<u>421,088</u>	<u>123,558</u>	<u>154,781</u>	<u>-</u>
Total assets	<u>\$ 7,493,850</u>	<u>\$ 3,804,400</u>	<u>\$ 4,989,384</u>	<u>\$ 1,001,248</u>	<u>\$ 2,020,997</u>	<u>\$ 1,744,869</u>	<u>\$ 1,406,959</u>	<u>\$ -</u>

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing California V, LP (Mercy Village Folsom)	Park Terrace Apartments, LP	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10 th 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)
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 76,074	\$ 79,117	\$ 126,158	\$ 17,279	\$ 34,346	\$ 47,956	\$ 57,167	\$ -
Due to affiliates	232,331	10,937	188,506	6,404	5,000	27,718	70,538	-
Accrued interest	4,324	599	-	-	-	2,991	1,415	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	75,959	94,510	-	-	-	13,863	19,124	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,123	11,313	34,775	237	1,051	578	1,109	-
Tenant security deposits	47,705	31,845	20,307	10,447	20,594	7,934	26,874	-
Total current liabilities	437,516	228,321	369,746	34,367	60,991	101,040	176,227	-
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	404,387	131,446	628,659	1,198,740	1,505,981	-	1,646,362	-
Accrued interest, affiliates	253,946	-	-	-	-	13,220	-	-
Notes payable, less current portion, net	4,358,334	1,008,162	1,120,000	1,900,000	2,670,923	869,705	2,898,933	-
Notes payable, less current portion, affiliates	1,361,970	-	-	-	-	126,779	-	-
Deferred revenue and other liabilities	100,000	5,146	901,737	435	5,000	-	-	-
Total long-term liabilities	6,478,637	1,144,754	2,650,396	3,099,175	4,181,904	1,009,704	4,545,295	-
Total liabilities	6,916,153	1,373,075	3,020,142	3,133,542	4,242,895	1,110,744	4,721,522	-
Net assets								
Unrestricted net assets, controlling	577,697	2,431,325	1,969,242	(2,132,294)	(2,221,898)	634,125	(3,314,563)	-
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	577,697	2,431,325	1,969,242	(2,132,294)	(2,221,898)	634,125	(3,314,563)	-
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	577,697	2,431,325	1,969,242	(2,132,294)	(2,221,898)	634,125	(3,314,563)	-
Total liabilities and net assets	\$ 7,493,850	\$ 3,804,400	\$ 4,989,384	\$ 1,001,248	\$ 2,020,997	\$ 1,744,869	\$ 1,406,959	\$ -

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC
Assets								
Current assets								
Cash and cash equivalents	\$ 26,227	\$ 26,075	\$ 86,826	\$ -	\$ 37,372	\$ -	\$ 10,082	\$ -
Cash, tenant security deposits	9,173	15,650	17,075	-	35,532	-	6,910	-
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	2,023	187	-	-	77,517	-	3,355	-
Due from affiliate, net	-	-	-	-	-	-	-	80,320
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	11,814	15,462	21,263	-	18,641	-	5,856	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>49,237</u>	<u>57,374</u>	<u>125,164</u>	<u>-</u>	<u>169,062</u>	<u>-</u>	<u>26,203</u>	<u>80,320</u>
Property and equipment								
Land and land improvements	1,064,406	1,800,201	862,581	-	48,604	-	834,890	-
Buildings	3,621,481	7,358,475	7,200,479	-	3,533,647	-	3,908,377	-
Furniture and equipment	173,936	225,296	388,890	-	50,691	-	36,005	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(1,955,203)</u>	<u>(3,281,882)</u>	<u>(3,386,783)</u>	<u>-</u>	<u>(1,918,793)</u>	<u>-</u>	<u>(1,234,435)</u>	<u>-</u>
Net property and equipment	<u>2,904,620</u>	<u>6,102,090</u>	<u>5,065,167</u>	<u>-</u>	<u>1,714,149</u>	<u>-</u>	<u>3,544,837</u>	<u>-</u>
Other long-term assets								
Restricted property reserves	175,900	111,846	385,370	-	311,354	-	74,569	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	(128)	-	49,820	-	(295)
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>25,631</u>	<u>51,726</u>	<u>43,254</u>	<u>-</u>	<u>13,582</u>	<u>-</u>	<u>63,749</u>	<u>-</u>
Total other long-term assets	<u>201,531</u>	<u>163,572</u>	<u>428,624</u>	<u>(128)</u>	<u>324,936</u>	<u>49,820</u>	<u>138,318</u>	<u>(295)</u>
Total assets	<u>\$ 3,155,388</u>	<u>\$ 6,323,036</u>	<u>\$ 5,618,955</u>	<u>\$ (128)</u>	<u>\$ 2,208,147</u>	<u>\$ 49,820</u>	<u>\$ 3,709,358</u>	<u>\$ 80,025</u>

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 59,794	\$ 96,384	\$ 58,345	\$ -	\$ 138,198	\$ -	\$ 60,434	\$ -
Due to affiliates	165,015	56,648	20,000	20,197	109,622	55,561	310,231	142,527
Accrued interest	-	11,730	10,333	-	2,494	-	4,087	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	4,231	44,804	36,978	-	33,109	-	14,004	-
Current portion of notes payable, affiliates	-	-	-	-	40,000	-	-	-
Deferred revenue and other liabilities	380	1,380	8,600	1	4,789	-	1,980	-
Tenant security deposits	8,450	15,699	17,075	-	38,006	-	6,910	-
Total current liabilities	237,870	226,645	151,331	20,198	366,218	55,561	397,646	142,527
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-	-	-
Accrued interest, affiliates	-	619,000	1,859	-	-	-	194,378	-
Notes payable, less current portion, net	577,369	1,866,569	2,703,944	-	3,773,358	-	618,847	-
Notes payable, less current portion, affiliates	386,000	2,283,443	41,800	-	-	-	489,778	-
Deferred revenue and other liabilities	347,947	-	-	-	3,720	-	-	-
Total long-term liabilities	1,311,316	4,769,012	2,747,603	-	3,777,078	-	1,303,003	-
Total liabilities	1,549,186	4,995,657	2,898,934	20,198	4,143,296	55,561	1,700,649	142,527
Net assets								
Unrestricted net assets, controlling	1,606,202	1,327,379	2,720,021	(20,326)	(1,935,149)	(5,741)	2,008,709	(62,502)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	1,606,202	1,327,379	2,720,021	(20,326)	(1,935,149)	(5,741)	2,008,709	(62,502)
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,606,202	1,327,379	2,720,021	(20,326)	(1,935,149)	(5,741)	2,008,709	(62,502)
Total liabilities and net assets	\$ 3,155,388	\$ 6,323,036	\$ 5,618,955	\$ (128)	\$ 2,208,147	\$ 49,820	\$ 3,709,358	\$ 80,025

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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 Apts)	Mercy Galewood SLF, Inc.
Assets								
Current assets								
Cash and cash equivalents	\$ 15,545	\$ 152,364	\$ 117,929	\$ 38,406	\$ -	\$ 1,180	\$ 122,052	\$ -
Cash, tenant security deposits	81,290	13,584	22,807	20,458	-	6,119	6,440	-
Cash, restricted	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	8,689	5,185	5,099	5,644	-	3,140	8,469	-
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	53,473	8,314	12,937	17,654	-	22,574	15,506	-
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>158,997</u>	<u>179,447</u>	<u>158,772</u>	<u>82,162</u>	<u>-</u>	<u>33,013</u>	<u>152,467</u>	<u>-</u>
Property and equipment								
Land and land improvements	224,224	614,740	804,386	1,645,782	-	76,315	762,319	-
Buildings	10,423,615	4,194,624	4,510,037	10,117,623	-	2,316,333	7,350,687	-
Furniture and equipment	118,317	266,701	189,210	170,331	-	26,008	537,590	-
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-	-
Accumulated depreciation	<u>(3,071,115)</u>	<u>(1,576,374)</u>	<u>(1,605,511)</u>	<u>(2,850,650)</u>	<u>-</u>	<u>(437,022)</u>	<u>(1,935,766)</u>	<u>-</u>
Net property and equipment	<u>7,695,041</u>	<u>3,499,691</u>	<u>3,898,122</u>	<u>9,083,086</u>	<u>-</u>	<u>1,981,634</u>	<u>6,714,830</u>	<u>-</u>
Other long-term assets								
Restricted property reserves	706,650	427,762	343,819	239,126	-	307,718	282,715	-
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	-	3,828,718	-	-	504,377
Notes and interest receivable, net	-	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	<u>588,416</u>	<u>11,275</u>	<u>19,063</u>	<u>162,084</u>	<u>-</u>	<u>48,194</u>	<u>35,340</u>	<u>-</u>
Total other long-term assets	<u>1,295,066</u>	<u>439,037</u>	<u>362,882</u>	<u>401,210</u>	<u>3,828,718</u>	<u>355,912</u>	<u>318,055</u>	<u>504,377</u>
Total assets	<u>\$ 9,149,104</u>	<u>\$ 4,118,175</u>	<u>\$ 4,419,776</u>	<u>\$ 9,566,458</u>	<u>\$ 3,828,718</u>	<u>\$ 2,370,559</u>	<u>\$ 7,185,352</u>	<u>\$ 504,377</u>

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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 Apts)	Mercy Galewood SLF, Inc.
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 198,828	\$ 76,865	\$ 89,851	\$ 67,033	\$ -	\$ 87,840	\$ 53,068	\$ -
Due to affiliates	304,025	101,591	152,387	41,301	76,721	-	17,136	11,441
Accrued interest	20,331	6,726	4,491	3,799	-	94	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	58,687	62,913	12,443	11,546	-	6,052	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	30,582	1,787	10,928	1,652	-	1,121	1,641	-
Tenant security deposits	84,721	12,547	17,628	22,536	-	5,489	5,940	-
Total current liabilities	697,174	262,429	287,728	147,867	76,721	100,596	77,785	11,441
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	823,680	-	-	8,877	-	36,931	-	-
Accrued interest, affiliates	-	329,787	43,593	319,826	-	-	689,990	-
Notes payable, less current portion, net	6,562,086	894,853	715,883	921,236	-	411,293	-	-
Notes payable, less current portion, affiliates	-	1,271,688	852,690	1,057,500	-	-	2,551,500	-
Deferred revenue and other liabilities	-	-	-	4,249	-	138,681	-	-
Total long-term liabilities	7,385,766	2,496,328	1,612,166	2,311,688	-	586,905	3,241,490	-
Total liabilities	8,082,940	2,758,757	1,899,894	2,459,555	76,721	687,501	3,319,275	11,441
Net assets								
Unrestricted net assets, controlling	1,066,164	1,359,418	2,519,882	7,106,903	3,751,997	1,683,058	3,866,077	492,936
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	1,066,164	1,359,418	2,519,882	7,106,903	3,751,997	1,683,058	3,866,077	492,936
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	1,066,164	1,359,418	2,519,882	7,106,903	3,751,997	1,683,058	3,866,077	492,936
Total liabilities and net assets	\$ 9,149,104	\$ 4,118,175	\$ 4,419,776	\$ 9,566,458	\$ 3,828,718	\$ 2,370,559	\$ 7,185,352	\$ 504,377

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	FHD Holdings LLC	Franciscan Homes III, LP	Franciscan Homes IV, LP	Eliminations	Consolidated Mercy Properties, Inc.
Assets					
Current assets					
Cash and cash equivalents	\$ 5,549	\$ 2,065	\$ 1,530	\$ -	\$ 2,593,043
Cash, tenant security deposits	-	4,148	3,775	-	686,104
Cash, restricted	-	-	-	-	1,460
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	-	3,802	2,056	-	341,445
Due from affiliate, net	66,500	-	-	(838,459)	4,928
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	-	9,414	11,292	-	553,561
Inventory	-	-	-	-	-
Assets held for sale	-	-	99,100	-	99,100
Total current assets	<u>72,049</u>	<u>19,429</u>	<u>117,753</u>	<u>(838,459)</u>	<u>4,279,641</u>
Property and equipment					
Land and land improvements	-	42,857	-	-	15,811,223
Buildings	-	-	-	(17,003)	157,200,121
Furniture and equipment	-	-	-	-	5,241,666
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	-	-	-	4,405	(76,400,176)
Net property and equipment	<u>-</u>	<u>42,857</u>	<u>-</u>	<u>(12,598)</u>	<u>101,852,834</u>
Other long-term assets					
Restricted property reserves	-	2,159	-	-	8,602,948
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	403,437	-	-	(403,437)	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	87,831	-	-	(4,238,958)	547,206
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-
Other assets, net	-	-	1,040	-	1,520,089
Total other long-term assets	<u>491,268</u>	<u>2,159</u>	<u>1,040</u>	<u>(4,642,395)</u>	<u>10,670,243</u>
Total assets	<u>\$ 563,317</u>	<u>\$ 64,445</u>	<u>\$ 118,793</u>	<u>\$ (5,493,452)</u>	<u>\$ 116,802,718</u>

Mercy Properties, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	FHD Holdings LLC	Franciscan Homes III, LP	Franciscan Homes IV, LP	Eliminations	Consolidated Mercy Properties, Inc.
Liabilities					
Current liabilities					
Accounts payable and accrued expenses	\$ -	\$ 71,633	\$ 78,391	\$ -	\$ 2,157,444
Due to affiliates	19,000	540,421	984,880	(1,631,210)	4,312,293
Accrued interest	-	8,500	405	-	113,394
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	8,000	8,905	-	1,479,706
Current portion of notes payable, affiliates	-	208,868	-	(119,451)	129,417
Deferred revenue and other liabilities	1	1,488	937	1	179,636
Tenant security deposits	-	3,648	3,275	-	685,669
Total current liabilities	19,001	842,558	1,076,793	(1,750,660)	9,057,559
Long-term liabilities					
Due to affiliates	-	-	-	-	-
Accrued interest	-	151,137	867,758	-	16,626,026
Accrued interest, affiliates	-	-	-	(144,286)	2,739,503
Notes payable, less current portion, net	-	1,144,735	1,570,375	-	56,222,329
Notes payable, less current portion, affiliates	-	236,027	167,410	(899,807)	12,986,923
Deferred revenue and other liabilities	-	-	88,831	(88,831)	2,363,062
Total long-term liabilities	-	1,531,899	2,694,374	(1,132,924)	90,937,843
Total liabilities	19,001	2,374,457	3,771,167	(2,883,584)	99,995,402
Net assets					
Unrestricted net assets, controlling	544,316	(2,310,012)	(3,652,374)	(2,609,868)	16,649,892
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	544,316	(2,310,012)	(3,652,374)	(2,609,868)	16,649,892
Temporarily restricted net assets	-	-	-	-	157,424
Permanently restricted net assets	-	-	-	-	-
Total net assets	544,316	(2,310,012)	(3,652,374)	(2,609,868)	16,807,316
Total liabilities and net assets	\$ 563,317	\$ 64,445	\$ 118,793	\$ (5,493,452)	\$ 116,802,718

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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)	Marlton Affordable Housing Associates (Marlton Manor)
Revenues								
Rent - net of vacancies	\$ -	\$ 1,220,157	\$ 1,438,239	\$ 783,219	\$ 115,166	\$ 390,673	\$ 481,436	\$ 2,559,609
Developer fees	-	-	-	-	-	-	-	-
Services fees	194,912	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	32,725	-
Consulting	-	-	-	-	-	-	-	-
Interest	35,006	2,517	1,837	148	19	83	14	7,582
Other	52,877	23,824	46,494	23,241	110	3,210	12,894	5,203
Total revenues	282,795	1,246,498	1,486,570	806,608	115,295	393,966	527,069	2,572,394
Expenses and losses								
Compensation	-	419,129	329,787	100,754	30,493	63,935	114,222	696,640
Administrative	195,198	195,907	161,514	94,091	22,069	86,235	57,723	355,255
Professional services	2,061	98,303	31,263	80,540	2,973	29,179	33,865	24,613
Depreciation and amortization	-	290,841	588,353	304,647	49,165	287,645	165,464	620,344
Grants	-	-	-	-	-	-	1,513	-
Facility	-	540,132	487,614	259,882	67,376	101,864	194,644	669,701
Interest and fees	7,838	204,776	323,564	85,222	20,552	110,801	32,173	139,622
Bad debts	-	-	(22,012)	2	614	1,620	-	690
Provision for impaired assets	316,006	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	65,566	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	(2,334)	-	-	-	-	-	-	-
Total expenses and losses	584,335	1,749,088	1,900,083	925,138	193,242	681,279	599,604	2,506,865
Excess (deficiency) of revenues over expenses	(301,540)	(502,590)	(413,513)	(118,530)	(77,947)	(287,313)	(72,535)	65,529
Net assets at beginning of year	(1,307,382)	(8,245,297)	(3,162,215)	3,217,494	(245,729)	1,686,121	145,383	8,969,784
Other transfers to (from) net assets	-	(23,726)	-	-	323,676	-	-	(243,078)
Net assets at end of year	\$ (1,608,922)	\$ (8,771,613)	\$ (3,575,728)	\$ 3,098,964	\$ -	\$ 1,398,808	\$ 72,848	\$ 8,792,235

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing California V, LP (Mercy Village Folsom)	Park Terrace Apartments, LP	Mercy Housing California X, LP (The Rose Hotel)	San Felipe Homes, LP	2220 10 th 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)
Revenues								
Rent - net of vacancies	\$ 613,383	\$ 427,122	\$ 883,952	\$ 192,978	\$ 290,536	\$ 204,776	\$ 342,277	\$ 551,150
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	30,994	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	905	60,812	-	41	626	42	223	32
Other	105,682	10,189	325,107	6,992	95,369	989	281,710	17,004
Total revenues	719,970	498,123	1,240,053	200,011	386,531	205,807	624,210	568,186
Expenses and losses								
Compensation	107,031	112,699	316,297	40,454	99,143	46,195	93,942	149,319
Administrative	78,370	73,773	167,811	34,804	47,482	31,571	59,462	64,980
Professional services	70,657	43,409	91,250	8,565	31,134	8,765	12,720	(2,781)
Depreciation and amortization	440,468	204,674	131,135	32,020	91,780	108,124	176,938	106,449
Grants	-	-	-	-	-	-	-	-
Facility	186,989	199,137	219,734	86,644	89,902	75,058	154,209	193,215
Interest and fees	173,768	20,260	36,212	57,000	82,030	37,425	103,365	379,570
Bad debts	216	1,544	1,379	-	-	1,703	1,772	594
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	(1,597,463)
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	1,057,499	655,496	963,818	259,487	441,471	308,841	602,408	(706,117)
Excess (deficiency) of revenues over expenses	(337,529)	(157,373)	276,235	(59,476)	(54,940)	(103,034)	21,802	1,274,303
Net assets at beginning of year	915,226	2,588,698	1,693,007	(2,072,818)	(2,166,958)	644,443	(3,336,365)	(1,226,377)
Other transfers to (from) net assets	-	-	-	-	-	92,716	-	(47,926)
Net assets at end of year	\$ 577,697	\$ 2,431,325	\$ 1,969,242	\$ (2,132,294)	\$ (2,221,898)	\$ 634,125	\$ (3,314,563)	\$ -

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Mercy Housing Georgia II, LLLP (Orchard Grove Apts.)	Mercy Housing Colorado IX, LLLP (Parkside Apartments)	Mercy Housing Arizona II, LP (Page Commons)	Parkside Terrace Apartments, LLC	Parkside Terraces Limited Partnership	Mulberry Court LLC	Mercy Housing South Carolina I, LP (Mulberry Court Apts)	Savannah Rose of Sharon, LLC
Revenues								
Rent - net of vacancies	\$ 344,655	\$ 518,602	\$ 678,980	\$ -	\$ 481,637	\$ -	\$ 247,409	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	15,000
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	19	26	116	-	318	-	12	-
Other	14,889	13,008	11,770	-	5,279	-	12,442	-
Total revenues	<u>359,563</u>	<u>531,636</u>	<u>690,866</u>	<u>-</u>	<u>487,234</u>	<u>-</u>	<u>259,863</u>	<u>15,000</u>
Expenses and losses								
Compensation	82,400	81,488	134,143	-	88,488	-	53,849	-
Administrative	61,498	107,092	125,198	309	84,655	-	49,074	15,061
Professional services	11,080	11,435	62,149	678	18,807	733	9,701	888
Depreciation and amortization	172,627	332,549	338,996	-	76,938	-	179,969	-
Grants	-	-	-	-	-	-	-	-
Facility	180,885	185,891	160,395	-	300,696	-	169,813	-
Interest and fees	1,272	213,804	131,312	-	34,362	-	84,143	-
Bad debts	5,022	781	1,074	-	11,586	-	4,330	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	128	-	29	-	50
Total expenses and losses	<u>514,784</u>	<u>933,040</u>	<u>953,267</u>	<u>1,115</u>	<u>615,532</u>	<u>762</u>	<u>550,879</u>	<u>15,999</u>
Excess (deficiency) of revenues over expenses	(155,221)	(401,404)	(262,401)	(1,115)	(128,298)	(762)	(291,016)	(999)
Net assets at beginning of year	1,761,423	1,728,783	2,984,973	(19,211)	(1,806,851)	(4,979)	2,299,725	(61,503)
Other transfers to (from) net assets	-	-	(2,551)	-	-	-	-	-
Net assets at end of year	<u>\$ 1,606,202</u>	<u>\$ 1,327,379</u>	<u>\$ 2,720,021</u>	<u>\$ (20,326)</u>	<u>\$ (1,935,149)</u>	<u>\$ (5,741)</u>	<u>\$ 2,008,709</u>	<u>\$ (62,502)</u>

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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 Apts)	Mercy Galewood SLF, Inc.
Revenues								
Rent - net of vacancies	\$ 1,324,195	\$ 563,279	\$ 604,975	\$ 470,165	\$ -	\$ 294,131	\$ 482,630	\$ -
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	1,905	130	140	189	-	1	6	-
Other	64,286	5,988	14,657	16,388	-	909,354	2,454	-
Total revenues	<u>1,390,386</u>	<u>569,397</u>	<u>619,772</u>	<u>486,742</u>	<u>-</u>	<u>1,203,486</u>	<u>485,090</u>	<u>-</u>
Expenses and losses								
Compensation	236,582	81,623	101,172	100,735	-	146,029	136,691	-
Administrative	216,571	78,096	109,401	104,650	-	136,428	137,442	-
Professional services	16,231	12,532	25,930	30,813	679	19,833	11,512	2,723
Depreciation and amortization	426,672	166,446	185,820	392,326	-	112,060	356,742	-
Grants	-	-	-	-	-	-	-	-
Facility	639,213	211,527	235,639	171,320	-	348,777	169,327	-
Interest and fees	348,188	149,597	96,855	123,066	-	7,782	113,799	-
Bad debts	4,687	586	4,225	6,343	-	6,918	1,479	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	(43)	-	-	(128,374)
Total expenses and losses	<u>1,888,144</u>	<u>700,407</u>	<u>759,042</u>	<u>929,253</u>	<u>636</u>	<u>777,827</u>	<u>926,992</u>	<u>(125,651)</u>
Excess (deficiency) of revenues over expenses	(497,758)	(131,010)	(139,270)	(442,511)	(636)	425,659	(441,902)	125,651
Net assets at beginning of year	1,563,922	1,490,428	2,659,152	7,549,414	3,752,633	1,257,399	4,307,979	367,285
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	<u>\$ 1,066,164</u>	<u>\$ 1,359,418</u>	<u>\$ 2,519,882</u>	<u>\$ 7,106,903</u>	<u>\$ 3,751,997</u>	<u>\$ 1,683,058</u>	<u>\$ 3,866,077</u>	<u>\$ 492,936</u>

Mercy Properties, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	FHD Holdings LLC	Franciscan Homes III, LP	Franciscan Homes IV, LP	Eliminations	Consolidated Mercy Properties, Inc.
Revenues					
Rent - net of vacancies	\$ -	\$ 147,540	\$ 148,952	\$ -	\$ 16,801,823
Developer fees	-	-	-	-	-
Services fees	9,500	-	-	(219,412)	-
Philanthropy	-	-	-	-	30,994
Capital grants	-	-	-	-	32,725
Consulting	-	-	-	-	-
Interest	-	5	1	(20,576)	92,179
Other	-	58,652	88,754	(384,779)	1,844,037
Total revenues	<u>9,500</u>	<u>206,197</u>	<u>237,707</u>	<u>(624,767)</u>	<u>18,801,758</u>
Expenses and losses					
Compensation	-	63,441	64,949	-	4,091,630
Administrative	9,510	78,675	54,975	(314,843)	2,780,037
Professional services	110	9,403	9,188	-	820,941
Depreciation and amortization	-	-	464	(618)	6,339,038
Grants	-	-	-	-	1,513
Facility	-	148,317	172,681	-	6,620,582
Interest and fees	-	8,515	137,822	(20,576)	3,244,119
Bad debts	-	1,694	2,699	-	39,546
Provision for impaired assets	-	-	-	(301,576)	14,430
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	(65,566)	(1,597,463)
(Gain) loss on investment in limited partnership	1,244	-	-	926	(128,374)
Total expenses and losses	<u>10,864</u>	<u>310,045</u>	<u>442,778</u>	<u>(702,253)</u>	<u>22,225,999</u>
Excess (deficiency) of revenues over expenses	(1,364)	(103,848)	(205,071)	77,486	(3,424,241)
Net assets at beginning of year	545,680	(2,206,164)	(3,447,303)	(2,590,051)	20,229,749
Other transfers to (from) net assets	-	-	-	(97,303)	1,808
Net assets at end of year	<u>\$ 544,316</u>	<u>\$ (2,310,012)</u>	<u>\$ (3,652,374)</u>	<u>\$ (2,609,868)</u>	<u>\$ 16,807,316</u>

Mercy Properties II, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ -	\$ 434,318	\$ -	\$ 11,559	\$ -	\$ 445,877
Cash, tenant security deposits	-	33,761	-	14,100	-	47,861
Cash, restricted	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	3,631	-	257	-	3,888
Due from affiliate, net	39,352	-	-	1,001	(39,352)	1,001
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	-	24,831	-	9,616	-	34,447
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	39,352	496,541	-	36,533	(39,352)	533,074
Property and equipment						
Land and land improvements	-	1,190,644	-	1,009,290	-	2,199,934
Buildings	-	6,730,690	-	3,903,237	-	10,633,927
Furniture and equipment	-	215,630	-	48,644	-	264,274
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	-	(3,514,906)	-	(1,748,284)	-	(5,263,190)
Net property and equipment	-	4,622,058	-	3,212,887	-	7,834,945
Other long-term assets						
Restricted property reserves	-	342,107	-	171,881	-	513,988
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net	(150)	-	-	-	150	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	19,940	-	72,500	-	92,440
Total other long-term assets	(150)	362,047	-	244,381	150	606,428
Total assets	\$ 39,202	\$ 5,480,646	\$ -	\$ 3,493,801	\$ (39,202)	\$ 8,974,447

Mercy Properties II, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ -	\$ 84,821	\$ -	\$ 64,761	\$ -	\$ 149,582
Due to affiliates	124,415	20,913	-	64,942	(48,652)	161,618
Accrued interest	-	44,962	-	6,244	-	51,206
Accrued interest, affiliates	-	-	-	-	-	-
Current portion of notes payable	-	81,134	-	18,571	-	99,705
Current portion of notes payable, affiliates	-	-	-	-	-	-
Deferred revenue and other liabilities	-	2,895	-	1,171	-	4,066
Tenant security deposits	-	32,700	-	15,900	-	48,600
Total current liabilities	124,415	267,425	-	171,589	(48,652)	514,777
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	8,000	-	38,450	-	46,450
Accrued interest, affiliates	-	-	-	43,570	-	43,570
Notes payable, less current portion, net	-	3,795,936	-	1,731,603	-	5,527,539
Notes payable, less current portion, affiliates	-	-	-	414,246	-	414,246
Deferred revenue and other liabilities	-	7,560	-	-	-	7,560
Total long-term liabilities	-	3,811,496	-	2,227,869	-	6,039,365
Total liabilities	124,415	4,078,921	-	2,399,458	(48,652)	6,554,142
Net assets						
Unrestricted net assets, controlling	(85,213)	1,401,725	-	1,094,343	9,450	2,420,305
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	(85,213)	1,401,725	-	1,094,343	9,450	2,420,305
Temporarily restricted net assets	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	(85,213)	1,401,725	-	1,094,343	9,450	2,420,305
Total liabilities and net assets	\$ 39,202	\$ 5,480,646	\$ -	\$ 3,493,801	\$ (39,202)	\$ 8,974,447

Mercy Properties II, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ -	\$ 865,750	\$ 199,285	\$ 310,483	\$ -	\$ 1,375,518
Developer fees	-	-	-	-	-	-
Services fees	29,519	-	-	-	(29,519)	-
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	-	292	7	47	-	346
Other	66,724	16,837	940,681	2,935	-	1,027,177
Total revenues	<u>96,243</u>	<u>882,879</u>	<u>1,139,973</u>	<u>313,465</u>	<u>(29,519)</u>	<u>2,403,041</u>
Expenses and losses						
Compensation	-	133,909	79,987	71,518	-	285,414
Administrative	30,558	164,231	47,007	86,284	(30,039)	298,041
Professional services	888	58,140	(3,170)	11,229	-	67,087
Depreciation and amortization	-	310,054	54,698	119,015	-	483,767
Grants	-	-	-	-	-	-
Facility	-	192,968	89,747	92,943	-	375,658
Interest and fees	-	198,281	40,846	82,743	-	321,870
Bad debts	37,394	679	2,916	145	(37,394)	3,740
Provision for impaired assets	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	18,170	-	69,824	-	40,115	128,109
(Gain) loss on investment in limited partnership	(797,429)	-	-	-	797,429	-
Total expenses and losses	<u>(710,419)</u>	<u>1,058,262</u>	<u>381,855</u>	<u>463,877</u>	<u>770,111</u>	<u>1,963,686</u>
Excess (deficiency) of revenues over expenses	806,662	(175,383)	758,118	(150,412)	(799,630)	439,355
Net assets at beginning of year	(112,876)	1,577,108	(758,118)	1,244,755	30,081	1,980,950
Other transfers to (from) net assets	(778,999)	-	-	-	778,999	-
Net assets at end of year	<u>\$ (85,213)</u>	<u>\$ 1,401,725</u>	<u>\$ -</u>	<u>\$ 1,094,343</u>	<u>\$ 9,450</u>	<u>\$ 2,420,305</u>

2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 9	\$ 60,549	\$ -	\$ 60,558
Cash, tenant security deposits	-	20,170	-	20,170
Cash, restricted	-	40,058	-	40,058
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	14,311	-	14,311
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	-	35,176	-	35,176
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>1,259</u>	<u>170,264</u>	<u>(1,250)</u>	<u>170,273</u>
Property and equipment				
Land and land improvements	-	561,839	-	561,839
Buildings	-	9,377,781	-	9,377,781
Furniture and equipment	-	311,072	-	311,072
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	-
Accumulated depreciation	-	(6,214,333)	-	(6,214,333)
Net property and equipment	<u>-</u>	<u>4,036,359</u>	<u>-</u>	<u>4,036,359</u>
Other long-term assets				
Restricted property reserves	-	920,583	-	920,583
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net.	(94,154)	-	94,154	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	304,891	-	(304,891)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	5,649	-	5,649
Total other long-term assets	<u>210,737</u>	<u>926,232</u>	<u>(210,737)</u>	<u>926,232</u>
Total assets	<u>\$ 211,996</u>	<u>\$ 5,132,855</u>	<u>\$ (211,987)</u>	<u>\$ 5,132,864</u>

2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ -	\$ 115,520	\$ -	\$ 115,520
Due to affiliates	56,600	5,000	(5,000)	56,600
Accrued interest	-	-	-	-
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	5,395	-	5,395
Tenant security deposits	-	20,264	-	20,264
Total current liabilities	56,600	146,179	(5,000)	197,779
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	3,110,540	-	3,110,540
Accrued interest, affiliates	-	183,226	(183,226)	-
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	-	7,250,062	(607,346)	6,642,716
Total liabilities	56,600	7,396,241	(612,346)	6,840,495
Net assets				
Unrestricted net assets, controlling	155,396	(2,263,386)	400,359	(1,707,631)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	155,396	(2,263,386)	400,359	(1,707,631)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	155,396	(2,263,386)	400,359	(1,707,631)
Total liabilities and net assets	\$ 211,996	\$ 5,132,855	\$ (211,987)	\$ 5,132,864

2101 Telegraph Avenue Housing, Inc.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	2101 Telegraph Avenue Housing, Inc.	2101 Telegraph Avenue Associates, LP (Hamilton Apts.)	Eliminations	Consolidated 2101 Telegraph Avenue Housing, Inc.
Revenues				
Rent - net of vacancies	\$ -	\$ 951,234	\$ -	\$ 951,234
Developer fees	-	-	-	-
Services fees	10,000	-	(10,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	14,527	521	(14,527)	521
Other	-	15,643	-	15,643
Total revenues	24,527	967,398	(24,527)	967,398
Expenses and losses				
Compensation	-	385,281	-	385,281
Administrative	10,000	155,984	(10,000)	155,984
Professional services	833	89,119	-	89,952
Depreciation and amortization	-	358,574	-	358,574
Grants	-	-	-	-
Facility	-	333,225	-	333,225
Interest and fees	-	190,080	(14,527)	175,553
Bad debts	-	5,231	-	5,231
Provision for impaired assets	7,027	-	(7,027)	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	5,501	-	(5,501)	-
Total expenses and losses	23,361	1,517,494	(37,055)	1,503,800
Excess (deficiency) of revenues over expenses	1,166	(550,096)	12,528	(536,402)
Net assets at beginning of year	154,230	(1,713,290)	387,831	(1,171,229)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	\$ 155,396	\$ (2,263,386)	\$ 400,359	\$ (1,707,631)

McDermott Place
Consolidating Statement of Financial Position
December 31, 2014

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 17,136	\$ -	\$ 17,136
Cash, tenant security deposits	-	8,510	-	8,510
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	11,658	-	11,658
Due from affiliate, net	35,995	-	(35,995)	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	8,008	-	8,008
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>35,995</u>	<u>45,312</u>	<u>(35,995)</u>	<u>45,312</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	-	(816,180)	-	(816,180)
Net property and equipment	<u>-</u>	<u>370,159</u>	<u>-</u>	<u>370,159</u>
Other long-term assets				
Restricted property reserves	-	29,229	-	29,229
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	(986,859)	-	986,859	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	15,897	-	15,897
Total other long-term assets	<u>(986,859)</u>	<u>45,126</u>	<u>986,859</u>	<u>45,126</u>
Total assets	<u>\$ (950,864)</u>	<u>\$ 460,597</u>	<u>\$ 950,864</u>	<u>\$ 460,597</u>

McDermott Place
Consolidating Statement of Financial Position
December 31, 2014

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ -	\$ 60,882	\$ -	\$ 60,882
Due to affiliates	94,408	281,034	(80,995)	294,447
Accrued interest	-	1,530	-	1,530
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	6,968	-	6,968
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	1	26,419	-	26,420
Tenant security deposits	-	8,010	-	8,010
Total current liabilities	94,409	384,843	(80,995)	398,257
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	246,698	-	246,698
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	1,088,916	-	1,088,916
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	-	1,335,614	-	1,335,614
Total liabilities	94,409	1,720,457	(80,995)	1,733,871
Net assets				
Unrestricted net assets, controlling	(1,045,273)	(1,259,860)	1,031,859	(1,273,274)
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	(1,045,273)	(1,259,860)	1,031,859	(1,273,274)
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	-	-	-	-
Total net assets	(1,045,273)	(1,259,860)	1,031,859	(1,273,274)
Total liabilities and net assets	\$ (950,864)	\$ 460,597	\$ 950,864	\$ 460,597

McDermott Place
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	McDermott Place	Bishop's Block, LP	Eliminations	Consolidated McDermott Place
Revenues				
Rent - net of vacancies	\$ -	\$ 208,044	\$ -	\$ 208,044
Developer fees	-	-	-	-
Services fees	6,030	-	(6,030)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	46	-	46
Other	-	44,736	-	44,736
Total revenues	<u>6,030</u>	<u>252,826</u>	<u>(6,030)</u>	<u>252,826</u>
Expenses and losses				
Compensation	-	78,855	-	78,855
Administrative	6,030	40,791	(6,029)	40,792
Professional services	888	12,352	-	13,240
Depreciation and amortization	-	16,535	-	16,535
Grants	-	-	-	-
Facility	-	125,094	-	125,094
Interest and fees	-	39,550	-	39,550
Bad debts	-	5,395	-	5,395
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	7	-	(7)	-
Total expenses and losses	<u>6,925</u>	<u>318,572</u>	<u>(6,036)</u>	<u>319,461</u>
Excess (deficiency) of revenues over expenses	(895)	(65,746)	6	(66,635)
Net assets at beginning of year	(1,044,378)	(1,194,114)	1,031,853	(1,206,639)
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ (1,045,273)</u>	<u>\$ (1,259,860)</u>	<u>\$ 1,031,859</u>	<u>\$ (1,273,274)</u>

South Of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2014

	South of Market Mercy Housing	1101 Howard Street Associates, LP (1101 Howard St. Apts.)	Mercy Housing California VI, LP (205 Jones Street Apts.)	1475 167 th Avenue Associates, LP (Bermuda Gardens)	Centro Partners, LP (EI Centro Residential)	Riverside/Leibrandt Partners, LP (La Playa Residential)	West 28 th Street, LP (Montclair/ Tolton Court)
Assets							
Current assets							
Cash and cash equivalents	\$ -	\$ 155,192	\$ 17,531	\$ 146,858	\$ 30,829	\$ 82,080	\$ 64,821
Cash, tenant security deposits	-	24,849	29,469	54,302	37,389	8,388	18,837
Cash, restricted	-	-	-	500	-	-	-
Investments	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-
Accounts receivable, net	-	2,495	15,798	10,623	2,371	834	98
Due from affiliate, net	165,903	-	97	163	1,317	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Grants receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	12,753	12,889	21,989	57,194	3,159	9,594
Inventory	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
Total current assets	165,903	195,289	75,784	234,435	129,100	94,461	93,350
Property and equipment							
Land and land improvements	-	807,358	233,860	835,000	913,787	568,985	720,004
Buildings	-	5,339,086	3,774,644	5,153,718	4,597,115	1,946,483	4,566,057
Furniture and equipment	-	125,921	147,293	77,931	148,369	21,527	138,219
Predevelopment project costs	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Accumulated depreciation	-	(2,787,160)	(2,574,927)	(3,170,365)	(2,587,049)	(1,042,232)	(2,586,623)
Net property and equipment	-	3,485,205	1,580,870	2,896,284	3,072,222	1,494,763	2,837,657
Other long-term assets							
Restricted property reserves	-	91,552	104,835	229,488	221,817	188,070	229,932
Long-term investments	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-
Investments in limited partnerships, net	(20,184,727)	-	-	-	-	-	-
Notes and interest receivable, net	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	1,197,412	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-
Other assets, net	-	-	15,412	49,567	18,268	243	-
Total other long-term assets	(18,987,315)	91,552	120,247	279,055	240,085	188,313	229,932
Total assets	\$ (18,821,412)	\$ 3,772,046	\$ 1,776,901	\$ 3,409,774	\$ 3,441,407	\$ 1,777,537	\$ 3,160,939

South Of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2014

	South of Market Mercy Housing	1101 Howard Street Associates, LP (1101 Howard St. Apts.)	Mercy Housing California VI, LP (205 Jones Street Apts.)	1475 167 th Avenue Associates, LP (Bermuda Gardens)	Centro Partners, LP (El Centro Residential)	Riverside/Leibrandt Partners, LP (La Playa Residential)	West 28 th Street, LP (Montclair/ Tolton Court)
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	\$ -	\$ 31,326	\$ 96,855	\$ 118,561	\$ 40,195	\$ 14,679	\$ 31,926
Due to affiliates	291,070	15,000	15,444	760,986	-	10,000	34,504
Accrued interest	-	1,402	1,638	11,463	1,083	990	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Current portion of notes payable	-	30,877	17,315	90,316	60,794	9,583	-
Current portion of notes payable, affiliates	-	-	-	52,735	-	-	-
Deferred revenue and other liabilities	1	44	12,231	26,160	1,402	133	315
Tenant security deposits	-	25,411	29,809	58,454	37,389	7,888	18,431
Total current liabilities	291,071	104,060	173,292	1,118,675	140,863	43,273	85,176
Long-term liabilities							
Due to affiliates	775,972	-	-	-	-	-	-
Accrued interest	-	1,412,567	949,310	859,205	2,151,619	630,597	-
Accrued interest, affiliates	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	2,609,108	2,056,255	4,311,294	3,020,241	1,080,257	1,718,947
Notes payable, less current portion, affiliates	-	-	-	-	312,729	232,339	-
Deferred revenue and other liabilities	-	-	-	-	-	-	566
Total long-term liabilities	775,972	4,021,675	3,005,565	5,170,499	5,484,589	1,943,193	1,719,513
Total liabilities	1,067,043	4,125,735	3,178,857	6,289,174	5,625,452	1,986,466	1,804,689
Net assets							
Unrestricted net assets, controlling	(19,888,455)	(353,689)	(1,401,956)	(2,879,400)	(2,184,045)	(208,929)	1,356,250
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-
Total unrestricted net assets	(19,888,455)	(353,689)	(1,401,956)	(2,879,400)	(2,184,045)	(208,929)	1,356,250
Temporarily restricted net assets	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-
Total net assets	(19,888,455)	(353,689)	(1,401,956)	(2,879,400)	(2,184,045)	(208,929)	1,356,250
Total liabilities and net assets	\$ (18,821,412)	\$ 3,772,046	\$ 1,776,901	\$ 3,409,774	\$ 3,441,407	\$ 1,777,537	\$ 3,160,939

South Of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2014

	16 th & 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	\$ 120,028	\$ 29,714	\$ 60,965	\$ -	\$ 708,018
Cash, tenant security deposits	13,246	57,909	46,282	-	290,671
Cash, restricted	-	300	-	-	800
Investments	-	-	-	-	-
Investments, restricted	-	-	-	-	-
Accounts receivable, net	5,668	6,765	5,483	-	50,135
Due from affiliate, net	-	-	-	(162,701)	4,779
Pledges receivable, net	-	-	-	-	-
Grants receivable	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-
Prepaid expenses and other assets	11,081	12,556	19,213	-	160,428
Inventory	-	-	-	-	-
Assets held for sale	-	-	-	-	-
Total current assets	<u>150,023</u>	<u>107,244</u>	<u>131,943</u>	<u>(162,701)</u>	<u>1,214,831</u>
Property and equipment					
Land and land improvements	5,600	750,000	1,560,000	-	6,394,594
Buildings	2,440,098	6,893,278	8,733,299	-	43,443,778
Furniture and equipment	89,746	218,065	241,549	-	1,208,620
Predevelopment project costs	-	-	-	-	-
Construction in progress	-	-	-	-	-
Accumulated depreciation	(1,943,992)	(4,841,873)	(5,587,872)	-	(27,122,093)
Net property and equipment	<u>591,452</u>	<u>3,019,470</u>	<u>4,946,976</u>	<u>-</u>	<u>23,924,899</u>
Other long-term assets					
Restricted property reserves	170,257	19,947	883,919	-	2,139,817
Long-term investments	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-
Due from affiliates	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-
Investments in limited partnerships, net	-	-	-	(1,633,504)	(21,818,231)
Notes and interest receivable, net	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	1,197,412
Allowance for impaired assets	-	-	-	-	-
Other assets, net	3,318	13,503	51,814	-	152,125
Total other long-term assets	<u>173,575</u>	<u>33,450</u>	<u>935,733</u>	<u>(1,633,504)</u>	<u>(18,328,877)</u>
Total assets	<u>\$ 915,050</u>	<u>\$ 3,160,164</u>	<u>\$ 6,014,652</u>	<u>\$ (1,796,205)</u>	<u>\$ 6,810,853</u>

South Of Market Mercy Housing
Consolidating Statement of Financial Position
December 31, 2014

	16 th & 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	\$ 54,049	\$ 36,438	\$ 48,849	\$ -	\$ 472,878
Due to affiliates	49,211	15,000	21,677	(288,715)	924,177
Accrued interest	-	6,947	5,938	-	29,461
Accrued interest, affiliates	-	-	-	-	-
Current portion of notes payable	-	63,576	59,632	-	332,093
Current portion of notes payable, affiliates	-	-	-	-	52,735
Deferred revenue and other liabilities	6	1,090	8,036	-	49,418
Tenant security deposits	12,746	65,870	46,992	-	302,990
Total current liabilities	116,012	188,921	191,124	(288,715)	2,163,752
Long-term liabilities					
Due to affiliates	576,766	-	-	-	1,352,738
Accrued interest	698,628	217,866	961,129	-	7,880,921
Accrued interest, affiliates	716,513	-	-	-	716,513
Notes payable, less current portion, net	1,115,000	2,429,714	4,346,509	-	22,687,325
Notes payable, less current portion, affiliates	-	-	-	-	545,068
Deferred revenue and other liabilities	-	-	-	-	566
Total long-term liabilities	3,106,907	2,647,580	5,307,638	-	33,183,131
Total liabilities	3,222,919	2,836,501	5,498,762	(288,715)	35,346,883
Net assets					
Unrestricted net assets, controlling	(2,307,869)	323,663	515,890	(1,507,490)	(28,536,030)
Unrestricted net assets, noncontrolling	-	-	-	-	-
Total unrestricted net assets	(2,307,869)	323,663	515,890	(1,507,490)	(28,536,030)
Temporarily restricted net assets	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-
Total net assets	(2,307,869)	323,663	515,890	(1,507,490)	(28,536,030)
Total liabilities and net assets	\$ 915,050	\$ 3,160,164	\$ 6,014,652	\$ (1,796,205)	\$ 6,810,853

South Of Market Mercy Housing
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	South of Market Mercy Housing	1101 Howard Street Associates, LP (1101 Howard St. Apts.)	Mercy Housing California VI, LP (205 Jones Street Apts.)	1475 167 th Avenue Associates, LP (Bermuda Gardens)	Centro Partners, LP (El Centro Residential)	Riverside/Leibrandt Partners, LP (La Playa Residential)	West 28 th Street, LP (Montclair/ Tolton Court)
Revenues							
Rent - net of vacancies	\$ -	\$ 434,410	\$ 466,003	\$ 853,609	\$ 445,425	\$ 124,043	\$ 284,378
Developer fees	-	-	-	-	-	-	-
Services fees	126,217	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-
Interest	17,010	69	107	142	91	92	59
Other	424,365	6,249	24,760	21,979	20,180	1,513	8,021
Total revenues	<u>567,592</u>	<u>440,728</u>	<u>490,870</u>	<u>875,730</u>	<u>465,696</u>	<u>125,648</u>	<u>292,458</u>
Expenses and losses							
Compensation	-	59,651	105,315	126,789	99,870	24,289	83,463
Administrative	135,460	67,063	93,039	130,743	64,771	23,151	56,774
Professional services	1,844	51,234	24,138	47,464	31,375	8,465	8,567
Depreciation and amortization	-	176,262	139,167	192,615	126,627	48,230	169,202
Grants	134,527	-	-	-	-	-	-
Facility	-	128,414	159,766	270,334	158,111	39,086	116,376
Interest and fees	-	84,730	67,804	233,527	125,118	47,170	5
Bad debts	-	-	3,302	18,976	-	-	-
Provision for impaired assets	17,010	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-
(Gain) loss on sale of assets	(642,781)	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	2,310,849	-	-	-	-	-	-
Total expenses and losses	<u>1,956,909</u>	<u>567,354</u>	<u>592,531</u>	<u>1,020,448</u>	<u>605,872</u>	<u>190,391</u>	<u>434,387</u>
Excess (deficiency) of revenues over expenses	(1,389,317)	(126,626)	(101,661)	(144,718)	(140,176)	(64,743)	(141,929)
Net assets at beginning of year	(18,631,565)	(254,156)	(1,229,674)	(3,159,047)	(2,043,869)	(144,186)	1,498,179
Other transfers to (from) net assets	132,427	27,093	(70,621)	424,365	-	-	-
Net assets at end of year	<u>\$ (19,888,455)</u>	<u>\$ (353,689)</u>	<u>\$ (1,401,956)</u>	<u>\$ (2,879,400)</u>	<u>\$ (2,184,045)</u>	<u>\$ (208,929)</u>	<u>\$ 1,356,250</u>

South Of Market Mercy Housing
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	16 th & 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	\$ 249,587	\$ 750,733	\$ 672,541	\$ -	\$ 4,280,729
Developer fees	-	-	-	-	-
Services fees	-	-	-	(123,015)	3,202
Philanthropy	-	-	-	-	-
Capital grants	-	-	-	-	-
Consulting	-	-	-	-	-
Interest	129	45	406	-	18,150
Other	5,759	216,860	17,872	-	747,558
Total revenues	<u>255,475</u>	<u>967,638</u>	<u>690,819</u>	<u>(123,015)</u>	<u>5,049,639</u>
Expenses and losses					
Compensation	50,124	127,248	153,755	-	830,504
Administrative	36,786	137,573	92,760	(105,013)	733,107
Professional services	8,745	69,399	70,456	-	321,687
Depreciation and amortization	71,451	262,409	333,044	-	1,519,007
Grants	-	-	-	-	134,527
Facility	133,380	299,453	190,245	-	1,495,165
Interest and fees	81,770	115,029	139,751	-	894,904
Bad debts	876	5	-	-	23,159
Provision for impaired assets	-	-	-	-	17,010
Project expenses	-	-	-	-	-
Allocation	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	(642,781)
(Gain) loss on investment in limited partnership	-	-	-	(6,492)	2,304,357
Total expenses and losses	<u>383,132</u>	<u>1,011,116</u>	<u>980,011</u>	<u>(111,505)</u>	<u>7,630,646</u>
Excess (deficiency) of revenues over expenses	<u>(127,657)</u>	<u>(43,478)</u>	<u>(289,192)</u>	<u>(11,510)</u>	<u>(2,581,007)</u>
Net assets at beginning of year	(2,180,212)	367,141	805,082	(1,072,790)	(26,045,097)
Other transfers to (from) net assets	-	-	-	(423,190)	90,074
Net assets at end of year	<u>\$ (2,307,869)</u>	<u>\$ 323,663</u>	<u>\$ 515,890</u>	<u>\$ (1,507,490)</u>	<u>\$ (28,536,030)</u>

Visitation Valley Affordable Housing Corporation
Consolidating Statement of Financial Position
December 31, 2014

	Visitation Valley Affordable Housing Corporation	Visitation Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitation Valley Affordable Housing Corporation
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 65,567	\$ -	\$ 65,567
Cash, tenant security deposits	-	116,332	-	116,332
Cash, restricted	-	-	-	-
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	-	56,958	-	56,958
Due from affiliate, net	3,750	-	(3,750)	-
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	-	56,377	-	56,377
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>3,750</u>	<u>295,234</u>	<u>(3,750)</u>	<u>295,234</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	-	(14,242,630)	-	(14,242,630)
Net property and equipment	<u>-</u>	<u>12,632,370</u>	<u>-</u>	<u>12,632,370</u>
Other long-term assets				
Restricted property reserves	-	911,314	-	911,314
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net	3,122,322	-	(3,122,322)	-
Notes and interest receivable, net	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-
Allowance for impaired assets	-	-	-	-
Other assets, net	-	30,738	-	30,738
Total other long-term assets	<u>3,122,322</u>	<u>942,052</u>	<u>(3,122,322)</u>	<u>942,052</u>
Total assets	<u>\$ 3,126,072</u>	<u>\$ 13,869,656</u>	<u>\$ (3,126,072)</u>	<u>\$ 13,869,656</u>

Visitacion Valley Affordable Housing Corporation
Consolidating Statement of Financial Position
December 31, 2014

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing Corporation
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	\$ 80	\$ 222,528	\$ -	\$ 222,608
Due to affiliates	150,625	15,000	(15,000)	150,625
Accrued interest	-	21,875	-	21,875
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	-	61,662	-	61,662
Current portion of notes payable, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	5,808	-	5,808
Tenant security deposits	-	115,832	-	115,832
Total current liabilities	<u>150,705</u>	<u>442,705</u>	<u>(15,000)</u>	<u>578,410</u>
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	-	655,802	-	655,802
Accrued interest, affiliates	-	-	-	-
Notes payable, less current portion, net	-	6,165,714	-	6,165,714
Notes payable, less current portion, affiliates	-	-	-	-
Deferred revenue and other liabilities	-	-	-	-
Total long-term liabilities	<u>-</u>	<u>6,821,516</u>	<u>-</u>	<u>6,821,516</u>
Total liabilities	<u>150,705</u>	<u>7,264,221</u>	<u>(15,000)</u>	<u>7,399,926</u>
Net assets				
Unrestricted net assets, controlling	1,379,367	6,605,435	(3,111,072)	4,873,730
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	<u>1,379,367</u>	<u>6,605,435</u>	<u>(3,111,072)</u>	<u>4,873,730</u>
Temporarily restricted net assets	1,596,000	-	-	1,596,000
Permanently restricted net assets	-	-	-	-
Total net assets	<u>2,975,367</u>	<u>6,605,435</u>	<u>(3,111,072)</u>	<u>6,469,730</u>
Total liabilities and net assets	<u>\$ 3,126,072</u>	<u>\$ 13,869,656</u>	<u>\$ (3,126,072)</u>	<u>\$ 13,869,656</u>

Visitacion Valley Affordable Housing Corporation
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Visitacion Valley Affordable Housing Corporation	Visitacion Valley Family Housing Associates (Heritage Homes)	Eliminations	Consolidated Visitacion Valley Affordable Housing Corporation
Revenues				
Rent - net of vacancies	\$ -	\$ 1,726,410	\$ -	\$ 1,726,410
Developer fees	-	-	-	-
Services fees	15,000	-	(15,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	427	-	427
Other	-	11,882	-	11,882
Total revenues	<u>15,000</u>	<u>1,738,719</u>	<u>(15,000)</u>	<u>1,738,719</u>
Expenses and losses				
Compensation	-	354,408	-	354,408
Administrative	15,079	200,316	(14,999)	200,396
Professional services	1,300	34,987	-	36,287
Depreciation and amortization	-	950,505	-	950,505
Grants	-	-	-	-
Facility	-	727,657	-	727,657
Interest and fees	-	334,980	-	334,980
Bad debts	-	41,042	-	41,042
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-
(Gain) loss on investment in limited partnership	453	-	(453)	-
Total expenses and losses	<u>16,832</u>	<u>2,643,895</u>	<u>(15,452)</u>	<u>2,645,275</u>
Excess (deficiency) of revenues over expenses	(1,832)	(905,176)	452	(906,556)
Net assets at beginning of year	2,977,199	7,510,611	(3,111,524)	7,376,286
Other transfers to (from) net assets	-	-	-	-
Net assets at end of year	<u>\$ 2,975,367</u>	<u>\$ 6,605,435</u>	<u>\$ (3,111,072)</u>	<u>\$ 6,469,730</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ -	\$ 642,315	\$ 23,909	\$ 93,693	\$ 133,415	\$ 88,838	\$ 352,377	\$ 650,074
Cash, tenant security deposits	-	113,693	38,160	19,530	106,738	21,498	33,570	64,980
Cash, restricted	-	-	300	-	150	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	-	5,151	6,387	7,131	15,443	11,187	627	58,998
Due from affiliate, net	1,949,824	-	-	10,000	-	5,520	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Grants receivable	86,566	-	-	-	-	-	-	-
Current portion of notes and interest receivable	-	-	-	-	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	114,262	37,688	32,493	38,509	63,144	15,921	76,316
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>2,036,390</u>	<u>875,421</u>	<u>106,444</u>	<u>162,847</u>	<u>294,255</u>	<u>190,187</u>	<u>402,495</u>	<u>850,368</u>
Property and equipment								
Land and land improvements	-	1,323,633	917,754	135,399	3,638,573	1,028,700	1,804,059	28,240
Buildings	-	63,246,213	10,996,836	14,624,415	20,956,238	15,945,953	10,008,709	39,723,702
Furniture and equipment	-	1,482,683	319,134	40,207	1,522,830	95,740	266,801	993,925
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	47,060	-
Accumulated depreciation	-	(13,587,769)	(5,344,370)	(6,320,469)	(11,596,356)	(6,037,752)	(4,937,922)	(13,629,580)
Net property and equipment	<u>-</u>	<u>52,464,760</u>	<u>6,889,354</u>	<u>8,479,552</u>	<u>14,521,285</u>	<u>11,032,641</u>	<u>7,188,707</u>	<u>27,116,287</u>
Other long-term assets								
Restricted property reserves	-	1,067,262	397,710	604,215	1,173,286	539,384	381,785	1,749,952
Long-term investments	-	-	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-	-	-
Investments in limited partnerships, net.	7,903,685	-	-	-	-	-	-	-
Notes and interest receivable, net	285,520	-	-	-	-	-	-	-
Notes and interest receivable, affiliates	22,981,700	-	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-	-	-
Other assets, net	-	366,924	56,181	141,645	121,146	76,375	56,005	374,774
Total other long-term assets	<u>31,170,905</u>	<u>1,434,186</u>	<u>453,891</u>	<u>745,860</u>	<u>1,294,432</u>	<u>615,759</u>	<u>437,790</u>	<u>2,124,726</u>
Total assets	<u>\$ 33,207,295</u>	<u>\$ 54,774,367</u>	<u>\$ 7,449,689</u>	<u>\$ 9,388,259</u>	<u>\$ 16,109,972</u>	<u>\$ 11,838,587</u>	<u>\$ 8,028,992</u>	<u>\$ 30,091,381</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ -	\$ 97,115	\$ 40,568	\$ 115,498	\$ 85,840	\$ 79,180	\$ 78,836	\$ 169,513
Due to affiliates	2,453,283	73,394	31,084	90,031	61,961	115,318	20,000	48,859
Accrued interest	-	-	3,195	1,223	14,109	7,321	11,332	5,325
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	58,904	300,000	300,000	300,000	54,419	345,000
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	(1)	1,577	1,281	6,593	(3)	20,040	3,553	267,286
Tenant security deposits	-	113,243	37,660	19,030	108,071	20,975	32,844	65,980
Total current liabilities	2,453,282	285,329	172,692	532,375	569,978	542,834	200,984	901,963
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	-	1,235,793	-	685,754	3,806,346	3,843,780	660,494	1,415,917
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	-	37,965,370	3,912,911	8,025,518	16,746,692	9,649,014	4,076,511	22,413,491
Notes payable, less current portion, affiliates	5,516,324	-	-	-	-	-	-	-
Deferred revenue and other liabilities	-	126,227	9	1,311,895	-	819,785	1,762	20,000
Total long-term liabilities	5,516,324	39,327,390	3,912,920	10,023,167	20,553,038	14,312,579	4,738,767	23,849,408
Total liabilities	7,969,606	39,612,719	4,085,612	10,555,542	21,123,016	14,855,413	4,939,751	24,751,371
Net assets								
Unrestricted net assets, controlling	(10,804,335)	15,161,648	3,364,077	(1,167,283)	(5,013,044)	(3,016,826)	3,089,241	5,340,010
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(10,804,335)	15,161,648	3,364,077	(1,167,283)	(5,013,044)	(3,016,826)	3,089,241	5,340,010
Temporarily restricted net assets	36,042,024	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	25,237,689	15,161,648	3,364,077	(1,167,283)	(5,013,044)	(3,016,826)	3,089,241	5,340,010
Total liabilities and net assets	\$ 33,207,295	\$ 54,774,367	\$ 7,449,689	\$ 9,388,259	\$ 16,109,972	\$ 11,838,587	\$ 8,028,992	\$ 30,091,381

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 60,605	\$ -	\$ 17,899	\$ 14,955	\$ 355,719	\$ 243,857	\$ 90,421	\$ 23,067
Cash, tenant security deposits	55,969	-	78,651	32,758	124,005	44,945	16,880	41,046
Cash, restricted	-	-	2,866	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	8,371	-	2,586	-	35,823	20,900	20,757	1,176
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	14,017	-	32,745	15,044	55,406	50,780	15,402	16,061
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>138,962</u>	<u>-</u>	<u>134,747</u>	<u>62,757</u>	<u>570,953</u>	<u>360,482</u>	<u>143,460</u>	<u>81,350</u>
Property and equipment								
Land and land improvements	2,223,946	-	6,265,525	214,579	5,531,488	176,286	873,574	2,014,938
Buildings	12,008,565	-	26,973,420	4,513,871	24,165,471	19,987,238	3,404,005	6,983,230
Furniture and equipment	186,762	-	674,962	75,244	369,798	170,359	47,308	96,855
Predevelopment project costs	-	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	(1)	-	-	-
Accumulated depreciation	<u>(5,233,436)</u>	<u>-</u>	<u>(9,281,061)</u>	<u>(3,483,901)</u>	<u>(8,191,646)</u>	<u>(6,930,450)</u>	<u>(1,752,568)</u>	<u>(3,560,543)</u>
Net property and equipment	<u>9,185,837</u>	<u>-</u>	<u>24,632,846</u>	<u>1,319,793</u>	<u>21,875,110</u>	<u>13,403,433</u>	<u>2,572,319</u>	<u>5,534,480</u>
Other long-term assets								
Restricted property reserves	388,138	-	556,645	162,799	323,200	273,736	170,501	213,197
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>52,950</u>	<u>-</u>	<u>333,689</u>	<u>5,745</u>	<u>263,818</u>	<u>1,976,760</u>	<u>5,378</u>	<u>95,029</u>
Total other long-term assets	<u>441,088</u>	<u>-</u>	<u>890,334</u>	<u>168,544</u>	<u>587,018</u>	<u>2,250,496</u>	<u>175,879</u>	<u>308,226</u>
Total assets	<u>\$ 9,765,887</u>	<u>\$ -</u>	<u>\$ 25,657,927</u>	<u>\$ 1,551,094</u>	<u>\$ 23,033,081</u>	<u>\$ 16,014,411</u>	<u>\$ 2,891,658</u>	<u>\$ 5,924,056</u>

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2014

	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	\$ 82,132	\$ -	\$ 58,565	\$ 50,394	\$ 179,023	\$ 184,509	\$ 17,644	\$ 63,810
Due to affiliates	293,285	-	10,514	153,274	353,818	154,018	85,146	145,893
Accrued interest	28,639	-	50,942	1,964	66,537	4,968	-	9,395
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	140,202	-	44,808	24,003	244,114	16,649	-	36,018
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	1,137	-	4,238	978	19,879	849	2,653	1,178
Tenant security deposits	57,019	-	79,419	32,758	118,093	45,957	17,245	42,265
Total current liabilities	602,414	-	248,486	263,371	981,464	406,950	122,688	298,559
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	740,047	-	2,332,950	1,307,450	1,315,936	1,864,707	273,466	311,883
Accrued interest, affiliates	-	-	2,586	-	-	-	-	-
Notes payable, less current portion, net	8,032,726	-	16,725,804	2,324,760	18,563,744	7,026,671	897,000	2,927,088
Notes payable, less current portion, affiliates	284,000	-	28,751	-	-	-	-	520,965
Deferred revenue and other liabilities	597,840	-	-	-	930,383	1,948,822	-	2,906
Total long-term liabilities	9,654,613	-	19,090,091	3,632,210	20,810,063	10,840,200	1,170,466	3,762,842
Total liabilities	10,257,027	-	19,338,577	3,895,581	21,791,527	11,247,150	1,293,154	4,061,401
Net assets								
Unrestricted net assets, controlling	(491,140)	-	6,319,350	(2,344,487)	1,241,554	4,767,261	1,598,504	1,862,655
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(491,140)	-	6,319,350	(2,344,487)	1,241,554	4,767,261	1,598,504	1,862,655
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(491,140)	-	6,319,350	(2,344,487)	1,241,554	4,767,261	1,598,504	1,862,655
Total liabilities and net assets	\$ 9,765,887	\$ -	\$ 25,657,927	\$ 1,551,094	\$ 23,033,081	\$ 16,014,411	\$ 2,891,658	\$ 5,924,056

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing California XXII, LP (The Dudley)	Mercy Housing California XXVI, LP (Martin Luther King Village)	Mercy Housing California XLI, LP (Westbrook Plaza)	Mercy Housing California XXXIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)	Mercy Housing 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	\$ 1,881	\$ 60,156	\$ 138,086	\$ 74,831	\$ 200,962	\$ 269,185	\$ 1,026,708	\$ 10,087
Cash, tenant security deposits	21,514	12,722	56,562	35,775	55,218	65,589	62,084	33,016
Cash, restricted	-	-	-	10,006	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	8,197	19,513	29,090	8	34,301	15,462	13,523	269
Due from affiliate, net	3,510	10,876	-	-	-	-	-	-
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	32,322	24,243	34,316	53,956	19,682	19,667	68,459	15,528
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	67,424	127,510	258,054	174,576	310,163	369,903	1,170,774	58,900
Property and equipment								
Land and land improvements	121,460	2,783,667	693,387	1,781,588	1,779,284	2,269,564	89,349	2,921,288
Buildings	7,305,192	10,361,410	24,646,715	41,689,343	14,470,825	14,454,293	21,268,157	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	14,526	-	-	-	-	-	138,709	-
Accumulated depreciation	(3,273,906)	(3,672,089)	(4,088,920)	(7,801,516)	(5,723,824)	(4,924,966)	(7,416,283)	(5,440,366)
Net property and equipment	4,391,780	9,822,049	21,508,624	36,607,959	10,700,184	11,991,028	14,341,825	10,774,072
Other long-term assets								
Restricted property reserves	394,498	948,560	225,399	1,202,196	414,254	314,168	1,852,539	150,172
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	35,489	32,882	215,737	110,442	72,878	147,593	589,156	44,488
Total other long-term assets	429,987	981,442	441,136	1,312,638	487,132	461,761	2,441,695	194,660
Total assets	\$ 4,889,191	\$ 10,931,001	\$ 22,207,814	\$ 38,095,173	\$ 11,497,479	\$ 12,822,692	\$ 17,954,294	\$ 11,027,632

Mercy Housing West
Consolidating Statement of Financial Position
December 31, 2014

	Mercy Housing California XXII, LP (The Dudley)	Mercy Housing California XXVI, LP (Martin Luther King Village)	Mercy Housing California XLI, LP (Westbrook Plaza)	Mercy Housing California XXXIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)	Mercy Housing 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	\$ 153,922	\$ 96,752	\$ 66,442	\$ 94,329	\$ 53,217	\$ 29,197	\$ 154,191	\$ 108,978
Due to affiliates	381,205	52,000	33,787	32,333	60,229	153,964	893,742	49,329
Accrued interest	-	24,999	2,626	-	2,717	19,572	467	2,468
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	-	-	31,374	-	200,369	58,688	300,000	41,488
Current portion of notes payable, affiliates	-	-	-	-	-	-	-	-
Deferred revenue and other liabilities	20,003	1,686	16,573	41,370	2,955	9,563	2,729	2,128
Tenant security deposits	21,050	15,142	57,279	35,275	54,824	65,089	61,584	33,710
Total current liabilities	576,180	190,579	208,081	203,307	374,311	336,073	1,412,713	238,101
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	1,323,167	1,177,517	1,116,073	-	345,131	22,620	-	1,682,191
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Notes payable, less current portion, net	4,276,660	8,427,210	7,210,101	16,814,804	1,575,708	3,645,361	12,700,000	7,744,846
Notes payable, less current portion, affiliates	-	-	-	12,626,500	-	-	-	-
Deferred revenue and other liabilities	118,738	-	3,205	-	-	242,796	-	251,710
Total long-term liabilities	5,718,565	9,604,727	8,329,379	29,441,304	1,920,839	3,910,777	12,700,000	9,678,747
Total liabilities	6,294,745	9,795,306	8,537,460	29,644,611	2,295,150	4,246,850	14,112,713	9,916,848
Net assets								
Unrestricted net assets, controlling	(1,405,554)	1,135,695	13,670,354	8,450,562	9,202,329	8,575,842	3,841,581	1,110,784
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	(1,405,554)	1,135,695	13,670,354	8,450,562	9,202,329	8,575,842	3,841,581	1,110,784
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	(1,405,554)	1,135,695	13,670,354	8,450,562	9,202,329	8,575,842	3,841,581	1,110,784
Total liabilities and net assets	\$ 4,889,191	\$ 10,931,001	\$ 22,207,814	\$ 38,095,173	\$ 11,497,479	\$ 12,822,692	\$ 17,954,294	\$ 11,027,632

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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	\$ 104,921	\$ 27,647	\$ 67,721	\$ 140,457	\$ 5,334	\$ 210,569	\$ -	\$ 24,001
Cash, tenant security deposits	72,778	81,325	26,810	36,375	21,617	35,923	-	21,488
Cash, restricted	-	-	-	-	-	-	12,786	-
Investments	-	-	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-	-	-
Accounts receivable, net	109,268	121	115	32,561	6,604	17,229	-	10,912
Due from affiliate, net	-	-	-	4,616	-	-	-	-
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	74,563	33,763	26,233	25,654	16,292	19,837	-	17,152
Inventory	-	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-	-
Total current assets	<u>361,530</u>	<u>142,856</u>	<u>120,879</u>	<u>239,663</u>	<u>49,847</u>	<u>283,558</u>	<u>12,786</u>	<u>73,553</u>
Property and equipment								
Land and land improvements	5,022,013	8,329,285	2,954,452	388,345	1,009,826	812,667	1,200,000	3,427,557
Buildings	33,388,657	16,582,304	14,772,206	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	-	-	-	-	-	-	523,443	-
Accumulated depreciation	<u>(11,844,107)</u>	<u>(7,657,812)</u>	<u>(4,559,274)</u>	<u>(2,903,965)</u>	<u>(2,589,504)</u>	<u>(3,257,949)</u>	<u>-</u>	<u>(3,537,915)</u>
Net property and equipment	<u>27,647,347</u>	<u>17,882,917</u>	<u>13,605,374</u>	<u>7,537,707</u>	<u>8,286,707</u>	<u>8,443,202</u>	<u>1,723,443</u>	<u>9,765,357</u>
Other long-term assets								
Restricted property reserves	408,441	439,887	1,112,303	541,293	603,039	639,408	-	947,655
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>718,353</u>	<u>231,367</u>	<u>94,420</u>	<u>64,676</u>	<u>107,102</u>	<u>38,178</u>	<u>1,198</u>	<u>76,660</u>
Total other long-term assets	<u>1,126,794</u>	<u>671,254</u>	<u>1,206,723</u>	<u>605,969</u>	<u>710,141</u>	<u>677,586</u>	<u>1,198</u>	<u>1,024,315</u>
Total assets	<u>\$ 29,135,671</u>	<u>\$ 18,697,027</u>	<u>\$ 14,932,976</u>	<u>\$ 8,383,339</u>	<u>\$ 9,046,695</u>	<u>\$ 9,404,346</u>	<u>\$ 1,737,427</u>	<u>\$ 10,863,225</u>

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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
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	\$ 185,632	\$ 62,477	\$ 53,859	\$ 55,438	\$ 59,828	\$ 46,905	\$ 4,600	\$ 46,427
Due to affiliates	162,055	91,706	25,004	-	-	15,000	20,334	20,558
Accrued interest	7,575	12,235	-	10,819	14,708	-	-	-
Accrued interest, affiliates	-	-	-	-	-	-	-	-
Current portion of notes payable	50,370	32,130	-	54,202	-	-	-	-
Current portion of notes payable, affiliates	-	-	-	-	-	-	51,565	-
Deferred revenue and other liabilities	11,050	6,152	1,849	453	2,777	7,707	(1)	366
Tenant security deposits	72,354	80,263	26,018	35,951	20,447	37,010	-	20,988
Total current liabilities	489,036	284,963	106,730	156,863	97,760	106,622	76,498	88,339
Long-term liabilities								
Due to affiliates	-	-	-	-	-	-	-	-
Accrued interest	1,463,366	430,296	-	-	687,946	-	340,604	320,053
Accrued interest, affiliates	-	-	-	1,008,361	-	-	-	-
Notes payable, less current portion, net	21,108,165	4,809,255	1,479,431	2,656,889	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	-	-	2,512	175,001	-	-	-
Total long-term liabilities	22,810,565	5,239,551	11,834,631	7,197,079	7,872,447	-	1,755,326	3,330,897
Total liabilities	23,299,601	5,524,514	11,941,361	7,353,942	7,970,207	106,622	1,831,824	3,419,236
Net assets								
Unrestricted net assets, controlling	5,836,070	13,172,513	2,991,615	1,029,397	1,076,488	9,297,724	(94,397)	7,443,989
Unrestricted net assets, noncontrolling	-	-	-	-	-	-	-	-
Total unrestricted net assets	5,836,070	13,172,513	2,991,615	1,029,397	1,076,488	9,297,724	(94,397)	7,443,989
Temporarily restricted net assets	-	-	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-	-	-
Total net assets	5,836,070	13,172,513	2,991,615	1,029,397	1,076,488	9,297,724	(94,397)	7,443,989
Total liabilities and net assets	\$ 29,135,671	\$ 18,697,027	\$ 14,932,976	\$ 8,383,339	\$ 9,046,695	\$ 9,404,346	\$ 1,737,427	\$ 10,863,225

Mercy Housing West
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	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	\$ 81,685	\$ 8,167	\$ -	\$ 5,243,542
Cash, tenant security deposits	73	27,023	-	1,458,315
Cash, restricted	1,010,833	244,341	-	1,281,282
Investments	-	-	-	-
Investments, restricted	-	-	-	-
Accounts receivable, net	58,665	5,429	-	555,804
Due from affiliate, net	3,152	8,630	(1,952,893)	43,235
Pledges receivable, net	-	-	-	-
Grants receivable	-	-	-	86,566
Current portion of notes and interest receivable	-	-	-	-
Current portion of notes and interest receivable, affiliates	-	-	-	-
Prepaid expenses and other assets	49,751	16,493	-	1,125,699
Inventory	-	-	-	-
Assets held for sale	-	-	-	-
Total current assets	<u>1,204,159</u>	<u>310,083</u>	<u>(1,952,893)</u>	<u>9,794,443</u>
Property and equipment				
Land and land improvements	3,173,363	1,964,586	-	66,898,375
Buildings	35,855,023	12,045,210	-	572,940,971
Furniture and equipment	438,585	669,470	-	13,409,352
Predevelopment project costs	-	-	-	-
Construction in progress	-	-	-	723,737
Accumulated depreciation	<u>(415,275)</u>	<u>(714,615)</u>	<u>-</u>	<u>(179,710,109)</u>
Net property and equipment	<u>39,051,696</u>	<u>13,964,651</u>	<u>-</u>	<u>474,262,326</u>
Other long-term assets				
Restricted property reserves	-	70,453	-	18,266,075
Long-term investments	-	-	-	-
Long-term investments, restricted	-	-	-	-
Due from affiliates	-	-	-	-
Pledges receivable, net	-	-	-	-
Investments in limited partnerships, net.	-	-	(14,248,884)	(6,345,199)
Notes and interest receivable, net	-	-	-	285,520
Notes and interest receivable, affiliates	-	-	(22,981,700)	-
Allowance for impaired assets	-	-	-	-
Other assets, net	<u>502,950</u>	<u>127,229</u>	<u>-</u>	<u>7,137,217</u>
Total other long-term assets	<u>502,950</u>	<u>197,682</u>	<u>(37,230,584)</u>	<u>19,343,613</u>
Total assets	<u>\$ 40,758,805</u>	<u>\$ 14,472,416</u>	<u>\$ (39,183,477)</u>	<u>\$ 503,400,382</u>

Mercy Housing West
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	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	\$ 3,398,174	\$ 716,753	\$ -	\$ 6,689,748
Due to affiliates	1,557,593	27,098	(2,517,496)	5,148,319
Accrued interest	-	16,284	-	319,420
Accrued interest, affiliates	-	-	-	-
Current portion of notes payable	810,218	8,365,267	-	11,808,223
Current portion of notes payable, affiliates	-	-	-	51,565
Deferred revenue and other liabilities	11,669	3,692	-	473,959
Tenant security deposits	33,509	25,409	-	1,486,461
Total current liabilities	<u>5,811,163</u>	<u>9,154,503</u>	<u>(2,517,496)</u>	<u>25,977,695</u>
Long-term liabilities				
Due to affiliates	-	-	-	-
Accrued interest	811,371	-	-	29,514,858
Accrued interest, affiliates	-	-	-	1,010,947
Notes payable, less current portion, net	31,853,325	15,000	-	295,039,121
Notes payable, less current portion, affiliates	-	5,987,034	(29,252,734)	9,595,357
Deferred revenue and other liabilities	-	143,213	-	6,935,838
Total long-term liabilities	<u>32,664,696</u>	<u>6,145,247</u>	<u>(29,252,734)</u>	<u>342,096,121</u>
Total liabilities	<u>38,475,859</u>	<u>15,299,750</u>	<u>(31,770,230)</u>	<u>368,073,816</u>
Net assets				
Unrestricted net assets, controlling	2,282,946	(827,334)	(7,413,247)	99,284,542
Unrestricted net assets, noncontrolling	-	-	-	-
Total unrestricted net assets	2,282,946	(827,334)	(7,413,247)	99,284,542
Temporarily restricted net assets	-	-	-	36,042,024
Permanently restricted net assets	-	-	-	-
Total net assets	<u>2,282,946</u>	<u>(827,334)</u>	<u>(7,413,247)</u>	<u>135,326,566</u>
Total liabilities and net assets	<u>\$ 40,758,805</u>	<u>\$ 14,472,416</u>	<u>\$ (39,183,477)</u>	<u>\$ 503,400,382</u>

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ -	\$ 1,475,361	\$ 572,036	\$ 1,050,187	\$ 1,611,353	\$ 1,234,398	\$ 761,377	\$ 2,286,934
Developer fees	-	-	-	-	-	-	-	-
Services fees	646,601	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	45,878	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	-	2,000	281	48,908	980	66,159	94	10,904
Other	1,201,348	539,466	11,909	61,456	22,297	25,167	6,316	140,604
Total revenues	1,847,949	2,016,827	584,226	1,206,429	1,634,630	1,325,724	767,787	2,438,442
Expenses and losses								
Compensation	-	456,806	116,134	350,398	251,111	321,238	103,372	799,310
Administrative	634,979	311,977	96,724	126,215	170,234	99,835	136,880	328,718
Professional services	1,145	105,687	77,663	58,626	100,633	88,485	92,441	11,220
Depreciation and amortization	-	2,605,159	461,577	570,670	1,025,500	676,027	407,042	1,498,311
Grants	-	-	-	-	-	-	-	-
Facility	-	840,288	209,200	420,858	675,397	285,468	155,044	589,715
Interest and fees	-	342,075	40,331	184,805	644,918	443,318	215,544	694,842
Bad debts	26,998	522	163	113	8,608	243	-	-
Provision for impaired assets	641,817	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	2,527,487	(26,084)	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	131,721	-	-	-	-	-	-	-
Total expenses and losses	3,964,147	4,636,430	1,001,792	1,711,685	2,876,401	1,914,614	1,110,323	3,922,116
Excess (deficiency) of revenues over expenses	(2,116,198)	(2,619,603)	(417,566)	(505,256)	(1,241,771)	(588,890)	(342,536)	(1,483,674)
Net assets at beginning 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
Other transfers to (from) net assets	(4,071,212)	-	-	-	237,180	-	-	-
Net assets at end of year	\$ 25,237,689	\$ 15,161,648	\$ 3,364,077	\$ (1,167,283)	\$ (5,013,044)	\$ (3,016,826)	\$ 3,089,241	\$ 5,340,010

Mercy Housing West
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and Changes in Net Assets
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	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	\$ 773,576	\$ 194,587	\$ 1,044,761	\$ 331,682	\$ 1,545,450	\$ 693,906	\$ 217,453	\$ 491,695
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	730	285	869	75	675	46	35	20
Other	19,017	1,456	50,880	4,104	33,447	187,903	1,903	17,289
Total revenues	793,323	196,328	1,096,510	335,861	1,579,572	881,855	219,391	509,004
Expenses and losses								
Compensation	94,939	7,398	143,917	86,053	291,927	137,939	62,425	111,977
Administrative	117,766	19,906	103,659	67,943	217,790	124,296	51,504	43,465
Professional services	10,165	19,602	75,602	6,213	93,238	18,288	45,884	10,403
Depreciation and amortization	512,079	264,953	1,386,828	120,040	907,725	743,336	157,747	364,372
Grants	-	-	-	-	-	-	-	-
Facility	230,482	72,118	384,664	166,162	430,372	393,313	92,755	189,712
Interest and fees	283,515	103,200	605,325	84,644	693,840	239,529	24,166	161,430
Bad debts	1,240	10,418	2,668	241	4,685	-	-	-
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	1,250,186	497,595	2,702,663	531,296	2,639,577	1,656,701	434,481	881,359
Excess (deficiency) of revenues over expenses	(456,863)	(301,267)	(1,606,153)	(195,435)	(1,060,005)	(774,846)	(215,090)	(372,355)
Net assets at beginning of year	(34,277)	7,928,353	7,925,503	(2,149,052)	2,301,559	5,542,107	1,813,594	2,235,010
Other transfers to (from) net assets	-	(7,627,086)	-	-	-	-	-	-
Net assets at end of year	\$ (491,140)	\$ -	\$ 6,319,350	\$ (2,344,487)	\$ 1,241,554	\$ 4,767,261	\$ 1,598,504	\$ 1,862,655

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and Changes in Net Assets
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	Mercy Housing California XXII, LP (The Dudley)	Mercy Housing California XXVI, LP (Martin Luther King Village)	Mercy Housing California XLI, LP (Westbrook Plaza)	Mercy Housing California XXXIV, LP (Edith Witt Sr Community)	Mercy Housing California XXVII, LP (Serna Village)	Mercy Housing California XXVIII, LP (The Vineyard Townhomes)	Mercy Terrace, LLC	Mercy Housing California XXIX, LP (Grizzly Hollow Phase III)
Revenues								
Rent - net of vacancies	\$ 675,511	\$ 552,382	\$ 712,162	\$ 1,061,837	\$ 824,782	\$ 748,127	\$ 3,245,869	\$ 433,278
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	147	5,817	56	433	1,896	45	1,666	263
Other	10,491	11,093	58,407	88,118	38,629	35,024	81,238	17,270
Total revenues	686,149	569,292	770,625	1,150,388	865,307	783,196	3,328,773	450,811
Expenses and losses								
Compensation	319,312	268,432	155,779	388,985	175,875	66,755	744,928	69,037
Administrative	141,782	98,842	126,023	193,172	126,766	108,495	323,478	110,338
Professional services	27,864	38,249	54,321	90,269	101,879	84,498	13,375	10,065
Depreciation and amortization	280,177	589,967	1,000,207	1,771,788	658,593	707,166	880,763	655,063
Grants	-	-	-	-	-	-	-	-
Facility	240,928	183,399	311,154	376,549	224,910	203,481	1,392,401	214,232
Interest and fees	120,965	238,311	247,938	49	75,480	238,922	168,586	254,406
Bad debts	2,198	2,139	-	-	5,690	5,425	22	64
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	1,133,226	1,419,339	1,895,422	2,820,812	1,369,193	1,414,742	3,523,553	1,313,205
Excess (deficiency) of revenues over expenses	(447,077)	(850,047)	(1,124,797)	(1,670,424)	(503,886)	(631,546)	(194,780)	(862,394)
Net assets at beginning of year	(958,477)	1,985,742	14,795,151	10,120,986	9,706,215	9,207,388	4,036,361	1,973,178
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ (1,405,554)	\$ 1,135,695	\$ 13,670,354	\$ 8,450,562	\$ 9,202,329	\$ 8,575,842	\$ 3,841,581	\$ 1,110,784

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ 1,132,112	\$ 835,212	\$ 615,045	\$ 779,503	\$ 297,971	\$ 480,303	\$ -	\$ 229,243
Developer fees	-	-	-	-	-	-	-	-
Services fees	-	-	-	-	-	-	-	-
Philanthropy	-	-	-	63,870	-	-	-	-
Capital grants	-	-	-	-	-	-	-	-
Consulting	-	-	-	-	-	-	-	-
Interest	1,275	132	3,635	2,214	15,299	159	-	7,991
Other	11,336	11,658	5,356	3,768	75,178	100,580	-	180,028
Total revenues	1,144,723	847,002	624,036	849,355	388,448	581,042	-	417,262
Expenses and losses								
Compensation	194,776	181,931	167,860	208,838	84,542	115,099	-	113,838
Administrative	263,726	173,734	126,446	108,280	51,739	116,545	1,706	76,123
Professional services	64,921	70,854	114,604	11,845	56,551	124,643	20,923	42,125
Depreciation and amortization	1,724,476	1,087,789	705,805	408,467	397,389	441,267	-	540,671
Grants	-	-	-	-	-	-	-	-
Facility	447,177	246,518	172,434	242,634	129,656	136,787	2,361	155,075
Interest and fees	363,245	210,782	4,277	309,826	147,637	1	47,898	46,781
Bad debts	138	3,498	-	-	6,675	4,598	-	486
Provision for impaired assets	-	-	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-	-	-
Allocation	-	-	-	-	-	-	-	-
(Gain) loss on sale of assets	-	-	-	-	-	-	-	-
(Gain) loss on investment in limited partnership	-	-	-	-	-	-	-	-
Total expenses and losses	3,058,459	1,975,106	1,291,426	1,289,890	874,189	938,940	72,888	975,099
Excess (deficiency) of revenues over expenses	(1,913,736)	(1,128,104)	(667,390)	(440,535)	(485,741)	(357,898)	(72,888)	(557,837)
Net assets at beginning of year	7,749,806	14,300,617	3,659,005	1,469,932	1,562,229	9,655,622	(21,509)	8,001,826
Other transfers to (from) net assets	-	-	-	-	-	-	-	-
Net assets at end of year	\$ 5,836,070	\$ 13,172,513	\$ 2,991,615	\$ 1,029,397	\$ 1,076,488	\$ 9,297,724	\$ (94,397)	\$ 7,443,989

Mercy Housing West
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	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	\$ 106,276	\$ 325,856	\$ -	\$ 27,340,225
Developer fees	-	-	-	-
Services fees	-	-	(646,112)	489
Philanthropy	-	-	-	63,870
Capital grants	-	-	-	45,878
Consulting	-	-	-	-
Interest	-	34	-	173,123
Other	7,006	30,911	-	3,090,653
Total revenues	<u>113,282</u>	<u>356,801</u>	<u>(646,112)</u>	<u>30,714,238</u>
Expenses and losses				
Compensation	31,214	79,005	-	6,701,150
Administrative	101,817	231,531	(664,970)	4,467,464
Professional services	5,399	48,199	-	1,795,879
Depreciation and amortization	424,916	826,733	-	24,802,603
Grants	-	-	-	-
Facility	173,146	90,949	-	10,079,339
Interest and fees	181,644	182,448	-	7,600,678
Bad debts	-	-	-	86,832
Provision for impaired assets	-	-	(641,817)	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	-	-	(2,527,487)	(26,084)
(Gain) loss on investment in limited partnership	-	-	(5,340)	126,381
Total expenses and losses	<u>918,136</u>	<u>1,458,865</u>	<u>(3,839,614)</u>	<u>55,634,242</u>
Excess (deficiency) of revenues over expenses	(804,854)	(1,102,064)	3,193,502	(24,920,004)
Net assets at beginning of year	(75,883)	283,783	(10,563,416)	168,596,391
Other transfers to (from) net assets	3,163,683	(9,053)	(43,333)	(8,349,821)
Net assets at end of year	<u>\$ 2,282,946</u>	<u>\$ (827,334)</u>	<u>\$ (7,413,247)</u>	<u>\$ 135,326,566</u>

Florin Housing Corporation
Consolidating Statement of Financial Position
December 31, 2014

	Florin Housing Corporation	Florin Wood Associates, LP (Crossroads Gardens)	Eliminations	Consolidated Florin 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	\$ -	\$ -	\$ -	\$ -

Florin Housing Corporation
Consolidating Statement of Financial Position
December 31, 2014

	Florin Housing Corporation	Florin Wood Associates, LP (Crossroads Gardens)	Eliminations	Consolidated Florin 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	\$ -	\$ -	\$ -	\$ -

Florin Housing Corporation
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Florin Housing Corporation	Florin Wood Associates, LP (Crossroads Gardens)	Eliminations	Consolidated Florin Housing Corporation
Revenues				
Rent - net of vacancies	\$ -	\$ 121,479	\$ -	\$ 121,479
Developer fees	-	-	-	-
Services fees	5,000	-	(5,000)	-
Philanthropy	-	-	-	-
Capital grants	-	-	-	-
Consulting	-	-	-	-
Interest	-	84	-	84
Other	78,675	463,875	-	542,550
Total revenues	<u>83,675</u>	<u>585,438</u>	<u>(5,000)</u>	<u>664,113</u>
Expenses and losses				
Compensation	-	3,333	-	3,333
Administrative	5,020	17,712	(5,000)	17,732
Professional services	833	350	-	1,183
Depreciation and amortization	-	40,042	-	40,042
Grants	-	230,764	-	230,764
Facility	-	32,957	-	32,957
Interest and fees	-	88,853	-	88,853
Bad debts	-	-	-	-
Provision for impaired assets	-	-	-	-
Project expenses	-	-	-	-
Allocation	-	-	-	-
(Gain) loss on sale of assets	4,255	-	(4,255)	-
(Gain) loss on investment in limited partnership	(4,255)	-	4,255	-
Total expenses and losses	<u>5,853</u>	<u>414,011</u>	<u>(5,000)</u>	<u>414,864</u>
Excess (deficiency) of revenues over expenses	77,822	171,427	-	249,249
Net assets at beginning of year	(79,117)	(425,484)	152,333	(352,268)
Other transfers to (from) net assets	1,295	254,057	(152,333)	103,019
Net assets at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Affordable Housing Corp.
Consolidating Statement of Financial Position
December 31, 2014

	Affordable Housing Corp.	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington IV, L.P. (Lincoln Way I)	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Assets						
Current assets						
Cash and cash equivalents	\$ -	\$ 163,719	\$ -	\$ 8,048	\$ -	\$ 171,767
Cash, tenant security deposits	-	13,754	-	19,866	-	33,620
Cash, restricted	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Investments, restricted	-	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-
Due from affiliate, net	59,283	-	-	-	(59,283)	-
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	-	22,413	-	8,411	-	30,824
Inventory	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-
Total current assets	59,283	199,886	-	36,325	(59,283)	236,211
Property and equipment						
Land and land improvements	-	261,532	-	278,856	-	540,388
Buildings	-	3,128,227	-	3,973,518	-	7,101,745
Furniture and equipment	-	114,892	-	66,148	-	181,040
Predevelopment project costs	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Accumulated depreciation	-	(1,741,546)	-	(2,380,491)	-	(4,122,037)
Net property and equipment	-	1,763,105	-	1,938,031	-	3,701,136
Other long-term assets						
Restricted property reserves	-	211,202	-	132,228	-	343,430
Long-term investments	-	-	-	-	-	-
Long-term investments, restricted	-	-	-	-	-	-
Due from affiliates	-	-	-	-	-	-
Pledges receivable, net	-	-	-	-	-	-
Investments in limited partnerships, net	(506)	-	-	-	506	-
Notes and interest receivable, net	-	-	-	-	-	-
Notes and interest receivable, affiliates	-	-	-	-	-	-
Allowance for impaired assets	-	-	-	-	-	-
Other assets, net	-	30,173	-	12,125	-	42,298
Total other long-term assets	(506)	241,375	-	144,353	506	385,728
Total assets	\$ 58,777	\$ 2,204,366	\$ -	\$ 2,118,709	\$ (58,777)	\$ 4,323,075

Affordable Housing Corp.
Consolidating Statement of Financial Position
December 31, 2014

	Affordable Housing Corp.	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington IV, L.P. (Lincoln Way I)	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ -	\$ 136,240	\$ -	\$ 91,348	\$ -	\$ 227,588
Due to affiliates	279,003	23,370	-	194,455	(65,054)	431,774
Accrued interest	-	6,119	-	14,561	-	20,680
Accrued interest, affiliates	-	-	-	136	-	136
Current portion of notes payable	-	51,548	-	23,382	-	74,930
Current portion of notes payable, affiliates	-	-	-	84,487	-	84,487
Deferred revenue and other liabilities	1	2,696	-	733	(1)	3,429
Tenant security deposits	-	13,083	-	19,366	-	32,449
Total current liabilities	279,004	233,056	-	428,468	(65,055)	875,473
Long-term liabilities						
Due to affiliates	-	-	-	-	-	-
Accrued interest	-	-	-	137,016	-	137,016
Accrued interest, affiliates	-	510,530	-	14,704	-	525,234
Notes payable, less current portion, net	-	1,078,099	-	1,377,567	-	2,455,666
Notes payable, less current portion, affiliates	-	603,736	-	44,974	-	648,710
Deferred revenue and other liabilities	-	6,896	-	-	-	6,896
Total long-term liabilities	-	2,199,261	-	1,574,261	-	3,773,522
Total liabilities	279,004	2,432,317	-	2,002,729	(65,055)	4,648,995
Net assets						
Unrestricted net assets, controlling	(220,227)	(227,951)	-	115,980	6,278	(325,920)
Unrestricted net assets, noncontrolling	-	-	-	-	-	-
Total unrestricted net assets	(220,227)	(227,951)	-	115,980	6,278	(325,920)
Temporarily restricted net assets	-	-	-	-	-	-
Permanently restricted net assets	-	-	-	-	-	-
Total net assets	(220,227)	(227,951)	-	115,980	6,278	(325,920)
Total liabilities and net assets	\$ 58,777	\$ 2,204,366	\$ -	\$ 2,118,709	\$ (58,777)	\$ 4,323,075

Affordable Housing Corp.
Consolidating Statement of Activities
and Changes in Net Assets
For the year ended December 31, 2014

	Affordable Housing Corp.	Mercy Housing Colorado VII, LP (Holly Park West)	Mercy Housing Washington IV, L.P. (Lincoln Way I)	Mercy Housing Washington III, L.P. (Tahoma View)	Eliminations	Consolidated Affordable Housing Corp.
Revenues						
Rent - net of vacancies	\$ -	\$ 905,589	\$ 45	\$ 273,322	\$ -	\$ 1,178,956
Developer fees	-	-	-	-	-	-
Services fees	32,373	-	-	-	(32,373)	-
Philanthropy	-	-	-	-	-	-
Capital grants	-	-	-	-	-	-
Consulting	-	-	-	-	-	-
Interest	-	68	97	167	-	332
Other	11,239	6,559	17,461	159,353	(11,239)	183,373
Total revenues	<u>43,612</u>	<u>912,216</u>	<u>17,603</u>	<u>432,842</u>	<u>(43,612)</u>	<u>1,362,661</u>
Expenses and losses						
Compensation	-	173,358	(12,899)	99,833	-	260,292
Administrative	34,937	153,932	2,710	80,355	(32,373)	239,561
Professional services	998	12,833	-	17,376	-	31,207
Depreciation and amortization	-	137,042	-	143,554	-	280,596
Grants	-	-	366,155	-	-	366,155
Facility	-	388,768	9,096	300,957	-	698,821
Interest and fees	-	116,549	25	41,957	-	158,531
Bad debts	-	4,912	160	4,125	-	9,197
Provision for impaired assets	-	-	-	-	-	-
Project expenses	-	-	-	-	-	-
Allocation	-	-	-	-	-	-
(Gain) loss on sale of assets	(3,926)	3,483	-	(71,649)	3,926	(68,166)
(Gain) loss on investment in limited partnership	365	-	-	-	(365)	-
Total expenses and losses	<u>32,374</u>	<u>990,877</u>	<u>365,247</u>	<u>616,508</u>	<u>(28,812)</u>	<u>1,976,194</u>
Excess (deficiency) of revenues over expenses	11,238	(78,661)	(347,644)	(183,666)	(14,800)	(613,533)
Net assets at beginning of year	(231,465)	(149,290)	347,644	299,646	21,078	287,613
Other transfers to (from) net assets	-	-	-	-	-	-
Net assets at end of year	<u>\$ (220,227)</u>	<u>\$ (227,951)</u>	<u>\$ -</u>	<u>\$ 115,980</u>	<u>\$ 6,278</u>	<u>\$ (325,920)</u>

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

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		\$ 25,563,380	
Rural Rental Assistance Payments	10.427		4,250,181	
Intermediary Relending Program	10.767		942,916	
Passed Through:				
Idaho Housing & Finance Association (IHFA) / Rental Assistance Payments (RAP)	10.427		\$	177,190
United States Department of Agriculture (USDA) / Arizona Department of Health Services (ADHS)/Food Stamp Nutrition Education Program	10.561	HM-661056-1 E9H28073		31,319
			30,756,477	208,509
United States Department of Housing & Urban Development (HUD)				
Direct Programs:				
Interest Reduction Payments Section 236	14.103		186,038	
Mortgage Insurance for the Purchase Section 223 (a) (7)	14.155		13,474,457	
Grant Capital Advance Section 202	14.157		171,831,394	
Project Rental Assistance Contract (PRAC) Section 202	14.157		12,798,815	
Supportive Housing for the Elderly Direct Loan Section 202	14.157		7,991,871	
Project Rental Assistance Contract (PRAC) Section 811	14.181		612,869	
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		20,890,540	
Multifamily Assisted Housing Reform and Affordability Act	14.197		7,770,000	
Office of Community Planning and Development-Supportive Housing Program	14.235		2,191,722	
Supportive Housing Program-Capital Advance	14.235		6,645,650	
HOME Investment Partnership Program	14.239		453,962	
Assisted Housing Stability and Energy and Green Retrofit Investments Program (ARRA)	14.318		7,892,049	
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			814,589
California Housing Finance Agency (CHFA) / Risk Sharing Loans	14.188	92-012N, 97-033N, 97-022N		4,540,283
Boise Housing Authority / HOME Investment Partnership Program / HAP Section 8	14.195			41,479
Chicago Housing Authority / HAP Section 8	14.195			669,740
City and County of San Francisco / Mayor's Office of Housing / HAP Program Section 8	14.195			563,393
City of Chicago / Department of Housing / CDBG State Program Entitlement / HAP Section 8	14.195	8613		369,719
City of Chicago / Department of Housing / CDBG State Program / HAP Section 8	14.195			263,727
City of Chicago / Department of Housing / HOME Investment Partnership Program / HAP Section 8	14.195			874,357
City of Chicago Illinois / Department of Finance / HOME Investment Partnership Program	14.195			876,654
City of Chicago, Illinois / Department of Housing / CDBG Multi-family Loan State Program / HAP Section 8	14.195			274,798
City of Cincinnati / HOME Investment Partnership / HAP Section 8	14.195			100,503
City of Council Bluffs / HOME Investment Partnership Program / HAP Section 8	14.195			68,207
City of Daly / HOME Investment Partnership Program / HAP Section 8	14.195			141,509
City of Los Angeles / CDBG State Programs and HOME Investment Partnership Program / HAP Section 8	14.195			23,111
City of Yuba City / HOME Investment Partnership Program / HAP Section 8	14.195			106,176
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program / HAP Section 8	14.195			764,214
County of Contra Costa / Housing Opportunities for Persons with AIDS HOPWA Grant / HAP Section 8	14.195			226,379

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
Passed Through - Continued:				
Davis County Housing Authority / CDBG States Program	14.195			626,633
Housing Authority of the County of Santa Cruz / HAP / Section 8	14.195			101,367
Idaho Housing Agency / HOME Investment Partnership Program / HAP Section 8	14.195			5,205
Illinois Housing Development Authority / HOME Investment Partnership Program / Multifamily Program / HAP Section 8	14.195			333,538
Omaha Housing Authority of the City of Omaha / Housing Assistance payment (HAP) Section 8	14.195			329,457
Redevelopment Agency of the City and County of San Francisco / Housing Assistance Payment (HAP) Section 8	14.195			1,079,324
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program / HAP Section 8	14.195			66,846
Sacramento Housing and Redevelopment Agency / Rural California Housing Corporation / HOME Investment Partnership Program	14.195			20,685
San Francisco Redevelopment Agency / HOPWA Capital Loan Agreement / HAP Section 8	14.195			736,828
State of Ohio / Division of Community Development / City of Cincinnati / HOME Ownership Program / HAP Section 8	14.195			66,883
Tacoma Community Development Authority / CDBG State Program	14.195			247,609
Tacoma Community Redevelopment Authority / CDBG State Program / HAP Section 8	14.195			181,650
Wisconsin Housing and Economic Development Authority / Tax Credit Assistance Program	14.195			542,121
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program / HAP Section 8	14.195			141,627
Omaha Housing Authority of the City of Omaha / Multi-family Assisted Housing Reform and Affordability Act	14.197	PUR/CON-EC-FAM		4,423,548
City of Chicago / Chicago Department of Housing and Economic Development / Housing & Economic Recovery Act (HERA)	14.218	26338		955,226
City of Chicago / Chicago Department of Housing and Economic Development / Housing & Economic Recovery Act (HERA)	14.218	26338		447,132
City of Chicago / Chicago Department of Housing and Economic Development / Housing & Economic Recovery Act (HERA)	14.218	26338		157,767
City of Chicago / Chicago Department of Housing and Economic Development / Housing & Economic Recovery Act (HERA)	14.218	26338		3,696,744
City of Chicago / Chicago Department of Housing and Economic Development / CDBG Entitlement Grant	14.218	26338		138,891
Town of Gilbert/ CDBG Grant for Page Commons	14.218			41,800
City of Chicago Department of Family and Support Services	14.218			231,200
Amador-Toulumne Community Action Agency / CDBG Technical Assistance Program	14.227			63,932
City of Bellingham CDBG State program	14.228			4,745
City and County of Denver / CDBG State Program	14.228			275,000
City and County of San Francisco / CDBG State Program	14.228			4,030,439
City and County of San Francisco to Mayor's Office of Housing / CDBG State Program	14.228	95-F765446-00		3,578,724
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			3,475,191
City of Daly City / CDBG State Loan Program	14.228			536,202
City of Dubuque, Iowa / CDBG State Program	14.228	258-93		507,701
City of Durango, Colorado / CDBG State Program	14.228			250,000
City of Eagle, Ida County / Idaho Community Development Block Grant	14.228			457,816
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		968,193
City of Santa Cruz / CDBG Revolving Loan Fund	14.228			323,987
City of Santa Cruz / CDBG State Program	14.228	CA027HG701		221,000
City of Santa Cruz / CDBG State Program	14.228			147,714
City of Tacoma / CDBG State Program	14.228			64,487
City of Yolo / CDBG	14.228			749,118
Community Housing Services Agency / CDBG State Program	14.228			1,970,636
County of Alameda / CDBG State Program	14.228			445,142
County of San Mateo / CDBG State Loan Program	14.228			176,797
Davis County Housing Authority / CDBG States Program	14.228			349,359
Pierce County / CDBG State Program	14.228			89,704
Redevelopment Agency / City and County of San Francisco / CDBG State Program	14.228			357,660

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
Passed Through - Continued:				
State of California / County of Yuba / CDBG State Program	14.228			900,000
Tacoma Community Development Authority / CDBG State Program	14.228			487,500
Tacoma Community Redevelopment Authority / CDBG Loan Agreement	14.228			600,000
City of San Francisco/ CDBG Midtown Pre Development	14.228			58,804
Tacoma Community Redevelopment Authority / CDBG State Program	14.228			400,000
Neighborhood Stabilization Program (NSP) City of Nampa/CDBG State Program	14.228			158,543
City of Chicago / Department of Human Services (DHS) / Chicago Housing for Health Partnership / Office of Community Planning and Development / Supportive Housing Program	14.235			38,695
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			177,209
City of Chicago / Department of Family and Support Services / HUD Shelter Plus Care	14.238	18002; 17529; 17635		1,100,271
County of Eldorado / CDBG State Program	14.239			3,000,000
California Housing Finance Agency (CHFA) / County of Alameda Housing and Community Development / HOME Investment Partnership Program	14.239			2,828,230
California State Department of Housing and Community Development / HOME Investment Partnership Program	14.239	02-HOME-0633		1,867,767
City and County of San Francisco / HOME Investment Partnership Program	14.239			5,620,084
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			8,481,111
City and County of San Francisco / Mayor's Office of Housing / HOME Investment Partnership Program	14.239			12,398,061
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			19,736,723
City of Chicago / Department of Community Development / HOME Investment Partnership Program	14.239			6,211,488
City of Cincinnati / HOME Investment Partnership Program	14.239	65X015		444,920
City of Cincinnati / HOME Investment Partnership Program	14.239			1,378,451
City of Council Bluffs / HOME Investment Partnership Program	14.239			168,932
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 San Mateo / HOME Investment Partnership Program	14.239			2,245,830
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	97-HOME-0280		2,832,107
City of Stockton / HOME Investment Partnership Program	14.239			5,164,390
City of Tolleson / HOME Investment Partnership Program	14.239			75,000
City of Yolo / HOME Investment Partnership Program	14.239			3,140,209
City of Yuba City / HOME Investment Partnership Program	14.239			1,081,446
Colorado Division of Housing (CDOH) / HOME Investment Partnership Program	14.239			535,613
Community Housing Services Agency / HOME Investment Partnership Program	14.239			282,422
County of Alameda / HOME Investment Partnership Program	14.239			798,781
County of Contra Costa / HOME Investment Partnership Program	14.239	07-52-HM		1,782,511
County of Contra Costa / HOME Investment Partnership Program	14.239			2,481,772
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			911,109
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			347,481
DeKalb County, Georgia / HOME Investment Partnership Program	14.239			95,000
DeKalb County, Georgia / HOME Investment Partnership Program	14.239			888,114

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014**

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
Passed Through - Continued:				
Department of Housing and Community Development of the State of California / HOME Grant CHDO	14.239	96-HOME-0223		1,291,079
Georgia Housing and Finance Authority / HOME Investment Partnership Program	14.239			4,258,136
Idaho Housing Agency / HOME Investment Partnership Program	14.239	HOME-93-5		393,093
Idaho Housing and Finance Association HOME Program / HOME Investment Partnership Program	14.239			2,148,769
Illinois Housing Development Authority / HOME Investment Partnership Program	14.239			6,113,979
Iowa Department of Economic Development / HOME Investment Partnership Program	14.239	M-92-SG-19-0100-400-27-04		322,928
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			54,461
Sacramento Housing and Redevelopment Agency / HOME Investment Partnership Program	14.239			9,036,945
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			9,307,690
Snohomish County / HOME Investment Partnership Program	14.239			905,655
State Department of Housing and Community Development / Santa Cruz Community Housing Corporation / HOME Grant CHDO	14.239			1,241,239
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 Washington / Department of Community, Trade and Economic Development / HOME Investment Partnership Program	14.239			1,298,024
The Washington State Department of Community, Trade and Economic Development (CTED) / HOME Investment Partnership Program	14.239			824,653
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			3,932,066
California State Department of Housing and Community Development / HOME Investment Partnership Program	14.239			15,000
State of Washington/ Department of Commerce/ Housing Division/ HOME Contracts	14.239			901,622
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		72,449
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			1,503,002
Redevelopment Agency of the City and County of San Francisco / Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			4,625,463

Mercy Housing, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2014**

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
Passed Through - Continued:				
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		837,774
		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			1,270,000
Community Development Commission of the City of Oxnard / CDBG Section 108 Loan Guarantee	14.248	96-164218		720,846
County of Alameda / CDBG Section 108 Loan Guarantee	14.248	99346211		153,628
County of Contra Costa / CDBG Section 108 Loan Guarantee	14.248			1,337,092
County of San Mateo / Section 108 Loan Guarantee	14.248			1,022,443
City of Chicago / Chicago Department of Community Development / American Recovery & Reinvestment Act (ARRA)	14.256	23040		236,754
City of Chicago / Chicago Department of Community Development / American Recovery & Reinvestment Act (ARRA)	14.256	23040		303,195
Wisconsin Housing and Economic Development Authority / Tax Credit Assistance Program	14.258	468-0323-100-8 & 468-0210-1		1,825,586
Washington State Tax Credit Assistance Program TCAP	14.258		1,400,000	
California State Tax Credit Assistance Program TCAP	14.258			24,705,821
Housing Authority of the City of Atlanta, Georgia / Hope VI	14.866			5,805,141
			<u>262,458,105</u>	<u>261,424,366</u>
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		1,500,000	
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			45,973
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243		313,216	
			<u>313,216</u>	<u>45,973</u>
			<u>\$ 295,027,798</u>	<u>\$ 262,428,847</u>
Total Expenditures of Federal Awards				<u>\$ 557,456,645</u>
				Federal Expenditures
Summary by CFDA Number:				
USDA Rural Rental Housing Loans	10.415		\$	25,563,380
USDA Rural Rental Assistance Payments	10.427			4,427,371
USDA Food Stamp Nutrition Education	10.561			31,319
USDA Intermediary Relending Program	10.767			942,916
HUD Interest Reduction Payments Section 236	14.103			186,038
HUD Mortgage Insurance for the Purchase Section 223(a)(7)	14.155			13,474,457
HUD Supportive Housing for the Elderly Direct Loan Section/Capital Advance Section 202/HUD Project Rental Assistance contract (PRAC) Section 202	14.157			193,026,716
HUD Supportive Housing for Persons with Disabilities Capital Advance Section 811/HUD Project Rental Assistance Contract (PRAC) Section 811	14.181			8,855,692

Mercy Housing, Inc.

Schedule of Expenditures of Federal Awards Year Ended December 31, 2014

Grantor and Program Title	Federal CFDA Number	Pass-Through Identifying Number	Direct Federal Expenditures	Pass Through Expenditures
HUD Section 8 New Construction and Substantial Rehabilitation	14.182			814,589
HUD Housing Finance Agencies (HFA) Risk Sharing Loans	14.188			4,540,283
HUD Multi-Family Services Coordinator Grant	14.191			75,915
HUD Housing Assistance Payments (HAP) Section 8	14.195			30,734,279
HUD Multi-Family Assisted Housing Reform & Affordability Act	14.197			12,193,548
HUD Community Development Block Grant Entitlement Grant	14.218			5,668,760
HUD Comm. Dev. Block Grant/Technical Assistance Program	14.227			63,932
HUD Community Development Block Grant/State's Program	14.228			28,264,798
HUD Supportive Housing Program - Capital Advance/Office of Community Planning & Development - Supportive Housing Program/Forgivable Loan	14.235			9,315,682
HUD Shelter Plus Care	14.238			1,100,271
HUD HOME Investment Partnership Program/HOME Grant CHDO	14.239			157,593,213
HUD Housing Opportunities for Persons with AIDS HOPWA Grant	14.241			11,301,742
HUD Self-Help Home Ownership Opportunity Program (SHOP)	14.247			1,270,000
HUD Community Development Block Section 108 Loan Guarantee	14.248			3,234,009
City of Chicago / Chicago Department of Housing / American Recovery & Reinvestment Act (ARRA)	14.256			539,949
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			7,892,049
Revitalization of Severely Distressed Public Housing (Hope VI)	14.866			5,805,141
Department of Treasury	21.020			1,500,000
Department of Energy Weatherization Assistance Program (WAP)	81.042			750,000
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243			313,216
Department of Health and Human Services Substance Abuse and Mental Health Services Administration	93.959			45,973
Total Expenditures of Federal Awards				\$ 557,456,645

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, 2014, 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 23, 2015.

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 Mercy Housing, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Mercy Housing, Inc.'s internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Mercy Housing, Inc. In a separate letter dated April 23, 2015.

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 23, 2015

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, 2014. 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.

Unmodified Opinion on Each 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 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, 2014.


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 Mercy Housing, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Charlotte, North Carolina
April 23, 2015

Mercy Housing, Inc.

**Schedule of Findings and Questioned Costs
December 31, 2014**

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. No significant deficiencies related to the audit of the major federal award programs were 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 an unmodified opinion.
6. There are no audit findings relative to the major federal award programs for Mercy Housing, Inc.
7. The programs tested as major programs include:

USDA Rural Rental Housing Loans	10.415
USDA Rural Rental Assistance Payments	10.427
HUD Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155
HUD Supportive Housing for the Elderly	14.157
HUD Section 8 New Construction and Substantial Rehabilitation	14.182
HUD Housing Assistance Payments (HAP) Section 8	14.195
HUD Community Development Block Section 108 Loan Guarantee	14.248
HUD Tax Credit Assistance Program (Recovery Act Funded)	14.258
HUD Assisted Housing Stability and Energy and Green Retrofit Investments Program (Recovery Act Funded)	14.318
Revitalization of Severely Distressed Public Housing (Hope VI)	14.866
8. The threshold for distinguishing Type A and B programs was \$3,000,000.
9. Mercy Housing, Inc. did not qualify as a low-risk auditee.

Mercy Housing, Inc.

**Schedule of Findings and Questioned Costs
December 31, 2014**

A. Findings - Financial Statements Audit

None.

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

None.

C. Status of Prior Year Findings and Questioned Costs

Statement 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.

Reporting Period

December 31, 2013

Status

Cleared.