

Financial Overview

Message from the CFO

2016 brought another year of strong growth for MidPen as we advance our mission of providing safe, affordable housing of high quality to those in need. Four communities were completed in 2016 adding 290 units, and seven affordable housing developments providing 460 additional units were under construction. In addition, MidPen acquired four existing properties with 92 units in order to keep them permanently affordable. As we begin 2017, MidPen has a robust development pipeline over the next six years. We also continued the important work of providing quality property management and onsite resident services and programs to better the lives of the people we serve. Largely as a result of this work, MidPen's consolidated total assets grew 13 percent by year's end to \$1.3 billion and, at year end, included 98 residential properties serving over 16,500 low and very low income residents.

Importantly, MidPen held \$72 million in unrestricted cash and liquid investments and \$399 million in unrestricted net assets at the end of 2016. These assets provide us with significant resources to manage and sustain our current communities, support new development, and maintain a solid position in the event of economic uncertainty. As a result, MidPen is ready to meet our commitments under a myriad of economic and funding environments.

MidPen's financial position provides a strong foundation to advance our mission throughout the Bay Area.

Art Fatum

Chief Financial Officer

Combined Statement of Financial Position

	2016	2015
ASSETS		
Cash and Cash Equivalents	\$ 53,358,512	\$ 51,694,524
Restricted Cash	47,347,806	43,795,205
Investments	19,305,512	17,933,421
Prepaid Expenses	908,819	928,613
Accounts Receivable - net	1,969,230	1,225,123
Notes and Interest Receivable - net	280,218	302,232
Property, Plant and Equipment - net	1,026,985,188	902,560,359
Development in Progress	164,205,138	142,224,807
Other Assets	12,726,849	9,534,903
TOTAL ASSETS	\$ 1,327,087,272	\$ 1,170,199,187
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 34,929,786	\$ 21,574,664
Mortgages, Bonds and Notes Payables	859,296,669	752,236,252
Deferred Revenues	1,945,382	1,383,845
Security and Other Deposits	4,914,620	4,725,913
Unrealized Losses on Derivative Financial Instruments	4,504,807	5,379,410
Other non-current liabilities	2,044,140	2,301,162
TOTAL LIABILITIES	\$ 907,635,404	\$ 787,601,246
NET ASSETS		
Controlling Interest - Unrestricted	\$ 126,933,850	\$ 106,378,364
Controlling Interest - Temporarily Restricted	20,442,431	22,276,997
Non-controlling Interest	272,075,587	253,942,580
TOTAL NET ASSETS	\$ 419,451,868	\$ 382,597,941
TOTAL LIABILITIES AND NET ASSETS	\$ 1,347,087,272	\$ 1,170,199,187



Building Communities. Changing Lives.

Combined Statement of Activities

	2016	2015
SUPPORT AND REVENUE		
Rental Revenue Net of Vacancy	\$ 90,728,443	\$ 82,142,328
Fee Revenue	9,562,969	6,265,785
Contribution	1,992,622	4,031,891
Investments and Other Income	1,622,110	265,657
Other	1,929,303	2,474,991
TOTAL SUPPORT AND REVENUE	\$ 105,835,447	\$ 95,180,652
EXPENSES		
Program Services	\$ 64,728,832	\$ 58,206,020
Management and General	3,483,801	2,420,007
TOTAL EXPENSES	\$ 68,212,633	\$ 60,626,027
NET ASSETS FROM OPERATIONS	\$ 37,622,814	\$ 34,554,625
NON-OPERATING EXPENSES		
Depreciation and Amortization	\$ 35,432,804	\$ 33,049,980
Loss on Disposal of Fixed Assets	2,330,362	974,698
Financing Costs	23,470,547	20,615,841
Partnership Fees - unaffiliated	311,772	288,231
Forgiveness of Debt	(923,701)	(3,806,050)
Unrealized Losses on Derivative Financial Instruments	(874,603)	(91,396)
TOTAL NON-OPERATING EXPENSES	\$ 59,747,181	\$ 51,031,304
Change in Net Assets	(22,124,367)	(16,476,679)
Net Assets, Beginning of Year	\$ 382,597,941	\$ 384,747,317
Capital Contributions, Net of Distributions and Syndication Costs	\$ 58,978,294	\$ 14,327,303
NET ASSETS, END OF YEAR	\$ 419,451,868	\$ 382,597,941