



2014 ANNUAL REPORT

Funding Partners

A Community Development Financial Institution

To Our Investors, Clients and Stakeholders:

2014 Activity

ON BALANCE SHEET

5 projects
\$ 2,146,529
88 LMI units
21,782 s.f. community space
11 purchase assistance
\$ 79,984

THIRD PARTY

98 originations
\$ 3,146,968

Fast Facts:

- Loan Fund Capital - **\$10.8 million**
- Total Capital Under Management - **\$29.4 million**
- Cumulative Originations - **2,080**
- Cumulative Production - **\$61.6 million**
- External Leverage - **\$533 million**
- Units Created/ Acquired - **5,698**
- Programs Offered - **23**
- Counties Served - **36**

The Funding Partners Board of Trustees is pleased to present this annual report for 2014. Through this report we look to demonstrate the accomplishments of the organization in working with community partners across Colorado.

Within most markets of the state home values have reached fresh highs while rental properties of all variety enjoy strong occupancy and rent growth. While this bodes well for property owners, those hoping to achieve greater stability face significant financial constraints. The confluence of rising construction costs, record valuations and stagnate wage growth has dramatically shifted the calculus of delivering both ownership and rental housing to low and moderate-income households. In essence, the industry is growing ever more dependent upon federal, state and local public investment to fill the gap.

Though this environment presents new challenges, it also provides impetus to consider long-term business strategies. In 2014, the FP Board of Trustees engaged an on-going dialogue process to identify and evaluate opportunities within this dynamic marketplace. To help frame this discussion in broader context, outside expertise was brought in to provide a national perspective. Further research and extensive deliberation remain, though it is clear the organization retains its commitment to the mission of expanding access to capital to underserved markets through the provision of safe, decent and affordable housing.

Operationally, third party loan services remain integral to financial and mission objectives. While some programs have been discontinued, others have been expanded or created to compliment the portfolio. For instance, packaging USDA Rural Development Direct Mortgage applications is no longer offered, though financing energy efficiency improvements to existing homes and facilities continues to grow.

This report, compiled from internal data and financial statements prepared by an external audit firm, presents an accurate assessment of the activity of Funding Partners during the year. As partners, investors and community stakeholders, we value your input and welcome your participation.

Our intent is to incorporate the best ideas of our constituents to create transparency and shared ownership of those impacts your investment has made within the community. Thank you for your continued support!

Darrin Anson

Darrin Anson
Board President

Joe Rowan

Joe Rowan
Executive Director

2014 Project Financing

Colorado Springs

Solar Vistas Apartments

Good Vista LLC

- ⇒ \$130k energy efficiency rehabilitation
- ⇒ 28-unit multifamily property
- ⇒ Target >50% area median income



La Junta

Morningside Heights Apartments

Tri-County Housing Authority

- ⇒ \$1.75 million construction Loan
- ⇒ 50-unit major rehabilitation
- ⇒ Target 30% area median income
- ⇒ Participation with Mile High Loan Fund

Denver

Hanigan –Canino Terrace Apartments

Del Norte Neighborhood Development Corp.

- ⇒ \$130,250 energy efficiency rehabilitation
- ⇒ Participation with StEPP Foundation
- ⇒ 10 units serving 30% of area median income



Denver

Tramway Building

Urban Land Conservancy

- ⇒ \$130,000 energy efficiency rehabilitation
- ⇒ 10,315 s.f. community services space
- ⇒ 14 non-profit tenants

Denver

Children's Outreach Therapeutic Daycare Center

- ⇒ \$6,279 energy efficiency rehabilitation
- ⇒ 11,467 s.f. non-profit space
- ⇒ Targets very low income households
- ⇒ Developmentally delayed students



Residential Assistance

Habitat for Humanity

Affiliates Serving

Greeley Loveland Longmont
Fort Collins Berthoud

14 Loans \$ 2,016,982

FP Down Payment Assistance

11 Loans \$ 79,984

Contract Down Payment Assistance

22 Loans \$ 381,105

Colorado Attorney General Mortgage Assistance Program

6 Loans \$ 177,500

USDA Rural Development Guaranteed

1 Loan \$ 144,387

City of Fort Collins Landmark Rehabilitation Program

7 Loans \$ 38,137

EnergySmart Partners

EnergySmart Colorado

Garfield Clean Energy

City of Fort Collins

48 Loans \$ 388,857

2014 Financial Review

Financial statements have been independently audited for accuracy and completeness. Internal controls have also been evaluated to determine whether any deficiencies are evident. It is the opinion of the auditor that all statements are fairly reported with no material weaknesses.

For the year, a reduction in Net Assets of \$81,666 is reported. Income for the year dropped significantly from the prior period due primarily to lower lending activity within the commercial loan portfolio. This has been attributed to rapid escalation of real estate and development costs which, in turn, has delayed or cancelled potential activity. As the market slowly adjusts to such conditions, production is expected to recover.

Expenses continue to be well managed with slight increases to interest and personnel costs. While loan loss did grow from the prior period, the impact is wholly attributed to the gradual decline of the legacy H2O portfolio. For the year, a loss of \$119,670 was reported, or less than 2% of total loans outstanding. Reserves for loan loss decreased by \$39,744 due to a smaller overall portfolio.

Current Assets		
Cash and Equivalents		\$831,049
Notes and Interest Receivable		\$719,133
Loan Servicing Receivables		\$21,469
Prepaid Expense		\$7,639
Total Current Assets		<u>\$1,579,290</u>
Non Current Assets		
Restricted Cash		\$5,526,562
Notes and Interest Receivable		\$4,916,920
Other receivables		\$451,589
Investment in and Receivable from Affiliate		\$885,213
Total Non-Current Assets		<u>\$11,780,284</u>
Property and Equipment		
Net Property and Equipment		\$9,528
Total Assets		<u>\$13,369,102</u>
Current Liabilities		
Accounts Payable		\$7,464
Accrued Expenses		\$46,287
Loan Servicing Payable		\$62,251
Deferred Revenue		\$150,000
Current Portion of Long-Term Debt		\$250,000
Total Current Liabilities		<u>\$516,002</u>
Long Term Debt		\$9,807,771
Agency Payables		\$450,000
Total Liabilities		\$10,773,773
Net Assets		
Unrestricted Net Assets		\$2,579,329
Temporarily Restricted Net Assets		\$16,000
Total Liabilities and Net Assets		<u>\$13,369,102</u>

Profit & Loss

Revenues

Program Revenue	\$ 387,618
Grants and Contributions	\$ 152,175
Total Revenues	\$ 539,793

Expenses

Program Expense	\$ 460,381
General and Administrative Expense	\$ 118,696
Fundraising Expense	\$ 42,382
Total Expense	\$ 621,459

Decrease in Net Assets **\$ (81,666)**

Net Assets at End of the Year **\$ 2,595,329**



Funding Partners

330 S. College Avenue

Tel: (970) 494-2021

Fax: (970) 494-2022

THANK YOU FOR YOUR SERVICE!

Randy Myers

Joe Johnson

Jodi Hartmann

Making Attainable housing
happen in Colorado!

THANK YOU FOR YOUR SUPPORT!



First National Bank
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We're on the Web
www.fundingpartners.org



Contract Services & Subsidiaries

ENERGYSMART PARTNERS, LLC

ESP was formed in 2012 as a wholly-owned subsidiary to facilitate the delivery of capital to homeowners seeking to complete weatherization and efficiency upgrades. To maximize operational efficiency, all services performed by FP staff utilizing existing systems and procedures. Client entities are able to bring programs to market quickly with minimal start-up costs and the confidence in the integrity of FP's financial management and licensed origination services. Loan products are currently offered within the city of Fort Collins, Eagle, Gunnison, Pitkin and Garfield counties.



FP LENDING LLC

FP Lending was formed in 2005 as a wholly-owned subsidiary to facilitate the delivery of non-residential and loan products unrelated to the primary mission of FP. The entity has also functioned as pass-through owner of real property to assist in the implementation of initiatives such as the Neighborhood Stabilization Program, allowing vacant and foreclosed properties to be rehabilitated and returned to the market through community partners. As with ESP, FP provides all administrative and financial management functions to leverage resources while helping to defray overhead for the parent organization.

CONTRACT LOAN SERVICES

In 2003, FP partnered with the Colorado Mountain Housing Coalition to quickly and efficiently introduce a purchase assistance program within high-cost resort markets. Since that time, products such the Employee Home Ownership Program (EHOP) and other 'private label' loan products have been introduced across Colorado. More than 20 local agencies, private employers and non-profit organizations rely upon FP to deliver loan services to markets and populations outside the financial mainstream. Fully licensed and bonded, FP offers peace of mind to borrowers and clients alike.

