OLYMPIA MORTGAGE FUND, LLC
A California Limited Liability Company

FINANCIAL STATEMENTS
December 31, 2011

OLYMPIA MORTGAGE FUND, LLC
A California Limited Liability Company

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INDEPENDENT ACCOUNTANTS' REPORT

To the Members of
Olympia Mortgage Fund, LLC
Grass Valley, California

We have reviewed the accompanying balance sheet - cash basis of Olympia Mortgage Fund, LLC (the "Fund"), a California limited liability company, as of December 31, 2011, and the related statements of operations and changes in members' equity - cash basis and cash flows - cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting.

As discussed in Note 2 to the financial statements, the Fund converted to the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles. The financial statements present the cumulative effect of the conversion to the cash basis of accounting as a single line within statement of operations - cash basis.

Propp Christensen Caniglia LLP

March 6, 2012
Roseville, California

OLYMPIA MORTGAGE FUND, LLC
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BALANCE SHEET - CASH BASIS
December 31, 2011

ASSETS

Current assets:		
Cash and cash equivalents	$	916,663
Mortgage loans receivable		16,995,404
Investment in Foothill Mortgage Fund		2,462,658
Other assets		165,112
Real estate owned:		
Real estate held		11,456,438
Real estate held for lease, net of accumulated depreciation of $246,455		5,218,904
Real estate owned, net		16,675,342
Total Assets	$	37,215,179

LIABILITIES AND MEMBERS' EQUITY

Current liabilities:		
Lease deposits	$	11,732
Members' equity		37,203,447
Total Liabilities and Members' Equity	$	37,215,179

The accompanying notes are an integral part of these financial statements.

OLYMPIA MORTGAGE FUND, LLC
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STATEMENT OF OPERATIONS
AND CHANGES IN MEMBERS' EQUITY - CASH BASIS
For the Year Ended December 31, 2011

Revenues:	
Mortgage interest income	$ 1,807,879
Rental income	316,366
Late fees and other revenue	25,314
Total revenues	2,149,559
Operating expenses:	
Loan servicing fees	231,528
Asset management fees	432,630
Real estate owned holding costs	441,259
Other operating expenses	98,917
Total operating expenses	1,204,334
Income from operations	945,225
Other income (expense):	
Income from investment in Foothill Mortgage Fund	183,928
Loss on sales of real estate held for sale	(254,558)
Total other income (expense)	(70,630)
Net income before income tax and LLC fees	874,595
Income tax and LLC fees	13,400
Net income before cumulative effect of change in basis of accounting	861,195
Cumulative effect of change in basis of accounting	170,150
Net income	691,045
Members' equity, beginning of year	45,183,543
Members' capital distributions	(1,071,141)
Members' capital disbursements	(7,600,000)
Members' equity, end of year	$ 37,203,447

The accompanying notes are an integral part of these financial statements.

OLYMPIA MORTGAGE FUND, LLC
A California Limited Liability Company

STATEMENT OF CASH FLOWS - CASH BASIS
For the Year Ended December 31, 2011

Cash Flows from Operating Activities:		
Net income	$	691,045
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on sales of real estate held for sale		254,558
Depreciation		108,626
Cumulative effect of change in basis of accounting		170,150
Change in lease deposits		7,667
Net cash provided by operating activities		1,232,046
Cash Flows from Investing Activities:		
Loans funded		(2,284,600)
Principal payments collected on loans		7,609,770
Advances on mortgage loans receivable		(322,349)
Advances to protect assets		(135,288)
Capital improvements on real estate owned		(601,535)
Proceeds from sales of real estate held for sale		551,241
Purchase of investment in Foothill Mortgage Fund		(75,000)
Maturities from investment in Foothill Mortgage Fund		3,388,234
Redemption of cash contribution from Foothill Mortgage fund		75,000
Net cash provided by investing activities		8,205,473
Cash Flows from Financing Activities:		
Members' capital distributions		(1,071,141)
Members' capital disbursements		(7,600,000)
Net cash used in financing activities		(8,671,141)
Net decrease in cash and cash equivalents		766,378
Cash and cash equivalents, beginning of year		150,285
Cash and cash equivalents, end of year	$	916,663
Supplemental disclosures of cash flow information:		
Cash paid for taxes	$	13,400
Cash paid for interest	$	-
Non-cash investing and financing transactions:		
Net mortgage loans receivable converted to real estate owned	$	(3,747,585)
Purchase of investment in Foothills Mortgage Fund by transfer of loans receivable	$	5,850,892
Advances to protect interests transferred to real estate owned	$	59,870

The accompanying notes are an integral part of these financial statements.

NOTE 1: ORGANIZATION

Olympia Mortgage Fund, LLC (the "Fund") is a California limited liability company that was organized on November 21, 2002, and commenced operations on January 1, 2003. The Fund was organized for the purpose of making or investing in loans secured by deeds of trust encumbering California real estate, both commercial and residential. The Fund is managed by Olympia Mortgage and Investment Company, Inc., a California corporation (the "Manager" or "Servicer"). Fund loans were originated and are serviced by the Manager. The Fund receives certain operating and administrative services from the Manager, some of which are not reimbursed to the Manager. The Fund's financial position and results of operations would likely be different absent this relationship with the Manager.

NOTE 2: WINDING UP

On January 27, 2011, the members holding a majority of the outstanding membership interests with concurrence of the Manager resolved to dissolve and terminate the Fund. In accordance with Article IX section 9.02, "Winding Up," of the Fund's Operating Agreement dated November 20, 2002, the Manager is winding up the Fund's affairs as follows:

1. No new loans shall be made or purchased;
2. Effective the date of the vote for dissolution of the Fund, all withdrawal requests will automatically be terminated;
3. Manager will liquidate the Fund's assets as promptly as is consistent with recovering the fair market value thereof, either by sale to third parties or by servicing the Fund's outstanding loans in accordance with their terms; provided however, that the Manager shall liquidate all Fund assets for the best price reasonably obtainable in order to completely wind up the Fund's affairs within five years after the date of dissolution (the "liquidation period") unless the liquidation period is extended by a vote of a majority interest of the Fund's members;
4. All sums of cash received by the Fund during the winding up process from any source shall be applied and distributed to the members in proportion to the positive balances in their respective outstanding capital accounts, but only after all the Fund's debts have been paid or adequately provided for;
5. When available, all monthly income distributions will be distributed as cash to members. No member shall have the option to reinvest monthly earnings; and
6. Upon completion of the liquidation and distribution of proceeds, the Manager will file a certificate of dissolution and furnish each member with a statement showing the financial activity during the liquidation period;
7. The Fund will not obtain annual audits during liquidation, however, it will retain an accounting firm to review the annual financial statements during this period, as well as the final statement upon termination.

Certain changes were necessary in the accounting policies of the Fund during the liquidation period to facilitate the appropriate recognition of the liquidating transactions as well as the distribution of income and the return of capital to the members. Specifically, the Fund converted to the cash basis of accounting throughout the liquidation period and suspended analyses and recognition of impairment to the carrying amounts of outstanding loans and real estate owned.

NOTE 3: DELAYS IN ASSET LIQUIDATION

The Manager is required to sell assets for the best price reasonably obtainable to the extent necessary to liquidate all of the Fund's assets within the liquidation period. Consequently, as the end of the liquidation period approaches the Manager may be required to sell the Fund's assets for considerably less than their fair market value thereby reducing the return of the members' investment. In such a case, the Manager may propose an extension of the liquidation period. If the members approve one or more extensions of the liquidation period, the final distributions payable to the members upon dissolution may be delayed. There is no way to accurately determine if such delay will occur or how long beyond the initial five-year liquidation period such delay may be.

NOTE 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
In accordance with the provisions of the plan to wind up the affairs of the Fund as described in Note 2 above, during 2011, the Fund converted to the cash basis of accounting. Under the cash basis of accounting, all income including interest and fees received on loans and rental income is recognized upon receipt. Operating expenses are recognized when paid and future losses related to impairment of value for outstanding loans and real estate owned are recognized when realized. The financial statements present the cumulative effect of the conversion to the cash basis of accounting as a single line within statement of operations - cash basis.

Management Estimates
The preparation of financial statements in conformity with the cash basis of accounting requires management to make estimates and assumptions about the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the dates of the financial statements, as well as the reported amounts of revenues and expenses during the reported periods. Although they reflect management's best estimates, it is at least reasonably possible that a material change to these estimates could occur in the near term.

Cash and Cash Equivalents
The Fund considers all highly liquid financial instruments with maturities of three months or less at the time of purchase to be cash equivalents. The Fund maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits.

Mortgage Loans Receivable
Mortgage loans, which the Fund has the intent and ability to hold for the foreseeable future or to maturity, are stated at their outstanding unpaid principal balance.

At December 31, 2011, the Fund had 18 loans, totaling $6,695,230 (39% of the loan portfolio), past due 90 days or more in interest payments. Of the 18 loans past due 90 days or more in interest payments, 13 of them were in foreclosure at December 31, 2011. The Fund also had 17 loans, totaling $6,773,746 (40% of the loan portfolio), greater than 90 days past maturity.

While foreclosure is the ultimate legal device by which the Fund recovers loan and related asset value, the Fund is making every attempt to work with its borrowers and to modify or reconstruct loans based on the borrower's current circumstances. Foreclosure action is used as a last resort.

Subsequent Events
Events and transactions have been evaluated for potential recognition or disclosure through March 6, 2012, the date that the financial statements were available to be issued.

NOTE 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes
The Fund is a limited liability company (LLC) for federal and state income tax purposes. Under the laws pertaining to income taxation of limited liability companies, no federal income tax is paid by the Fund as an entity. Each individual member reports on their federal and state income tax returns their share of Fund income, gains, losses, deductions and credits, whether or not any actual distribution is made to such member during a taxable year. Accordingly, no provision for income taxes besides the $800 minimum state franchise tax and the LLC gross receipts fees are reflected in the accompanying financial statements. After they are filed, the Fund's income tax returns remain subject to examination by taxing authorities generally three years for federal returns and four years for state returns.

Investment in Foothill Mortgage Fund of Olympia, LLC
In conjunction with the vote to dissolve and terminate the Fund described in Note 2, the majority of the outstanding membership with concurrence of the Manager resolved to form a new fund, the Foothill Mortgage Fund of Olympia, LLC ("FMF"), and to contribute cash and selected loans to the new fund in exchange for a separate class of membership interest in the new fund. This investment in FMF is carried at the original cost of the assets contributed net of the principal amounts returned through distributions. The interest income distributed from this investment is recognized when received as a component of other income.

All distributions of principal reduction payments received from FMF on the contributed loans are applied toward the redemption of the Fund's interest in FMF. As such, each contributed loan principal payment or payoff received by the Fund reduces its interest (and the Fund's corresponding capital account balance in FMF) on a dollar-for-dollar basis.

In the event a contributed loan goes into default, FMF is required to reassign the loan back to the Fund, thereby reducing the Fund's interest in FMF in an amount equal to the unpaid principal balance of that loan as of the date of transfer. As of December 31, 2011 no contributed loans were in default and no loans had been reassigned back to the Fund.

The Manager was required to distribute $75,000 as the Fund's cash contribution within the fist 24 months of the liquidation period. As of December 31, 2011 the $75,000 has been fully distributed back to the Fund from FMF.

The following schedule reflects the costs of assets contributed to invest in the Foothill Mortgage Fund of Olympia, LLC and the principal amounts returned for the year ended December 31, 2011:

Beginning balance	$ -
Loans contributed	5,850,892
Cash contributed	75,000
Principal distribution received for loans paid off	(3,388,234)
Redemption of cash contributed	(75,000)
Ending balance	$ 2,462,658

NOTE 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Real Estate Owned

Real estate acquired through or in lieu of loan foreclosures is initially recorded at cost (the net carrying value of the related loan) at the date of foreclosure or acquisition. Costs of real estate improvements are capitalized, whereas costs relating to holding real estate are expensed when paid. The portion of interest costs paid relating to development of real estate is capitalized.

Losses related to the declines in the fair value of real estate owned and held for sale are recorded as a charge to operations when realized and are measured as the amount by which the carrying amount of a property exceeds its sales price less estimated costs to sell. Analysis and recognition of unrealized impairment to the carrying amount of real estate owned was suspended upon the conversion to the cash basis of accounting.

Real estate held for lease is depreciated on a straight-line basis over the estimated useful life of the property once the asset is placed in service and is being used in operations. Depreciation expense was $108,626 for the year ended December 31, 2011. At December 31, 2011, the Fund had 13 held for lease properties with leases expiring at various dates throughout 2011. The leases call for monthly payments ranging from $300 to $4,000. Minimum future lease receipts under noncancelable operating leases to be received in 2012 total approximately $405,000.

The following schedule reflects the costs of real estate properties acquired through foreclosure or deed in lieu of foreclosure and the recorded reductions to estimated fair values, including estimated costs to sell when applicable, and other related activity as of and for the year ended December 31, 2011:

Beginning balance	$ 13,180,777
Cost of real estate acquired and capital improvements	4,408,989
Sales of real estate held for sale	(805,798)
Current year depreciation on real estate held for lease	(108,626)
Ending balance	$ 16,675,342

NOTE 5: FUND PROVISIONS

The Fund is a California limited liability company. The rights, duties and powers of the members of the Fund are governed by the operating agreement and Title 2.5, Chapter 3 of the California Corporations Code. The description of the Fund's operating agreement contained in these financial statements provides only general information. Members should refer to the Fund's operating agreement and offering circular for a more complete description of the provisions, as well as the fund proposal which was approved by the members on January 27, 2011.

The Manager is in complete control of the Fund business, subject to the voting rights of the members on specified matters. The Manager acting alone has the power and authority to act for and bind the Fund.

Members representing a majority of the outstanding Fund membership interests may approve or disapprove any of the following matters with the prior written consent of the Manager: (i) dissolution and termination of the Fund; (ii) amendment of the LLC operating agreement and (iii) merger or consolidation of the Fund with one or more other entities.

NOTE 5: FUND PROVISIONS (CONTINUED)

Members representing a majority of the outstanding Fund membership interests may vote to remove and replace the Manager.

Upon the cessation of the Manager for any reason, a majority interest of the members may elect a replacement manager to continue the Fund business.

Profits and Losses

Profits and losses during any calendar month are allocated to the members in proportion to their respective membership interests outstanding as of the first day of the month. However, if any membership interest is purchased, increased or decreased prior to the end of a calendar month, profits and losses shall be allocated in proportion to the members' account balance and the number of days during such month that the member held that account balance.

Transferability

There is no public market for units of the Fund and none is expected to develop in the foreseeable future. There are substantial restrictions on transferability of membership interests. Any transferee must be a person or entity that would have been qualified to purchase a member unit in the offering and a transferee may not become a substituted member without the consent of the Manager.

NOTE 6: OTHER ASSETS

Other assets at December 31, 2011, include $165,112 of advances to protect interests. The advances to protect interests are expenditures consisting primarily of legal fees, hazard insurance policies, taxes, project construction costs, and other costs considered necessary to avoid devaluation of the collateral for outstanding loans.

NOTE 7: RELATED PARTY TRANSACTIONS

Loan Brokerage Commissions

For its services in connection with the selection and origination of Fund loans, the Servicer charges loan brokerage commissions, renewal fees and forbearance fees to the borrowers. These fees are paid directly by the borrowers and are not expenses of the Fund.

Loan Servicing Fees

Loan servicing fees of up to .0833% (1% annually) of the principal amount of each Fund loan are payable monthly to the Servicer as interest is earned by the Fund. Loan servicing fees of $231,528 were paid during the year ended December 31, 2011.

Asset Management Fees

Monthly asset management fees of up to .0833% (1% annually) are payable monthly to the Manager on the last day of the month based on the net assets under management, as defined, on the first day of each month. Asset management fees of $432,630 were paid during the year ended December 31, 2011. During the period from 2005 through 2008, the Manager waived approximately $1,670,000 in asset management fees.

NOTE 7: RELATED PARTY TRANSACTIONS (CONTINUED)

Operating Expenses
The Manager is entitled to reimbursement of all organizational, syndication, operating, legal and administrative expenses paid on behalf of the Fund. During 2011, the Fund paid accounting and legal costs totaling $98,917. The Manager did not absorb any of these operating and administrative expenses on behalf of the Fund for the year ended December 31, 2011. During the period from 2005 through 2008, the Manager absorbed approximately $210,000 of operating and administrative expenses on behalf of the Fund.

Other Fees
The operating agreement provides for other fees such as loan processing and documentation fees. Such fees are incurred by the borrowers and are paid to the Manager.

Loans
The operating agreement requires that the aggregate principal amount of all related party loans at any time will not exceed 15% of total Fund assets at such time. There is one related party loan outstanding as of December 31, 2011 in the amount of $232,000 which is approximately 0.72% of the total Fund assets.

NOTE 8: LOAN CONCENTRATIONS AND CHARACTERISTICS

The loans are secured by recorded deeds of trust. At December 31, 2011, there were 64 secured loans outstanding with the following characteristics:

Total secured loans outstanding	$ 16,995,404
Average secured loan outstanding	$ 265,550
Average secured loan as percent of total secured loans	1.56%
Average secured loan as percent of members' equity	0.73%
Largest secured loan outstanding	$ 1,780,000
Largest secured loan as percent of total secured loans	10.47%
Largest secured loan as percent of members' equity	4.88%
Number of secured loans in foreclosure	15
Amount of secured loans in foreclosure	$ 5,156,393
Number of secured loans past due 90 days or more in interest payments	18
Amount of secured loans past due 90 days or more in interest payments	$ 6,695,000
Number of secured loans greater than 90 days past maturity	17
Amount of secured loans greater than 90 days past maturity	$ 6,773,746
Number of counties where security is located	16

NOTE 8: LOAN CONCENTRATIONS AND CHARACTERISTICS (CONTINUED)

At December 31, 2011, the Fund's loans are secured by recorded deeds of trust on real property located in various counties of California as follows:

County	Loan Balances	Percentage
Nevada	$ 4,131,308	24.31%
El Dorado	4,097,853	24.11%
Placer	2,597,063	15.28%
Yuba	876,441	5.16%
Butte	774,406	4.56%
Monterey	759,455	4.47%
Mendocino	617,500	3.63%
Calaveras	571,551	3.36%
Sonoma	553,779	3.26%
Madera	429,962	2.53%
Glenn	403,000	2.37%
Lake	387,833	2.28%
Plumas	229,439	1.35%
Fresno	219,088	1.29%
Sutter	182,924	1.08%
Contra Costa	163,802	.96%
Total	$ 16,995,404	100.00%

The following categories of secured loans were held at December 31, 2011:

First trust deeds	$ 16,097,227
Second trust deeds	898,177
Total	$ 16,995,404
Investments by type of property:	
Construction/development	$ 6,090,378
Land	4,260,901
Residential	5,673,972
Mixed use	158,000
Commercial	812,153
Total	$ 16,995,404

Scheduled maturity dates of secured loans as of December 31, 2011 are as follows:

Year Ending December 31:	
2011	$ 7,886,953
2012	5,420,370
2013	1,062,140
2014	1,994,118
2015	631,823
Total	$ 16,995,404

NOTE 8: LOAN CONCENTRATIONS AND CHARACTERISTICS (CONTINUED)

It is the Fund's experience that often times mortgage loans are either extended or repaid before contractual maturity dates, refinanced at maturity or may go into default and not be repaid by the contractual maturity dates. Therefore, the above tabulation is not a forecast of future cash collections.

The scheduled maturities include 23 loans, totaling $7,886,953, which are past maturity at December 31, 2011. Sixteen of these loans had interest payments considered delinquent as of December 31, 2011. When a loan is past maturity or delinquent, the Fund makes every attempt to work with the borrower and to modify or reconstruct the loan based on the borrower's current circumstances. Such loans are always subject to foreclosure action at the Manager's discretion.

NOTE 9: LOAN CONCENTRATIONS AND CHARACTERISTICS OF INVESTMENT IN FMF

At December 31, 2011 there were 6 assigned loans that remained invested in FMF. The following categories of assigned loans were invested at December 31, 2011:

First trust deeds	$	2,462,658
Investments by type of property:		
Single family residential construction	$	1,135,000
Commercial		750,000
Single family residential		577,658
Total	$	2,462,658

Scheduled maturity dates of Class A secured loans as of December 31, 2011, are as follows:

Year Ending December 31:		
2011	$	750,000
2012		1,507,658
2013		205,000
Total	$	2,462,658

NOTE 10: COMMITMENTS AND CONTINGENCIES

Construction Loans
The Fund has approved approximately 13 construction loans, which are at various stages of both the construction and borrowing process. The construction loans have maximum borrowing limits and disbursements are made at various completed phases of the construction project. At December 31, 2011, the Fund had no construction loans that had not yet been fully funded.