

Mile High Community Loan Fund, Inc.

Financial Statements

December 31, 2008 and 2007

(With Independent Auditor's Report Thereon)

Independent Auditor's Report

**Board of Directors
Mile High Community Loan Fund, Inc.:**

We have audited the accompanying statements of financial position of Mile High Community Loan Fund, Inc. (the Fund) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mile High Community Loan Fund, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Kundinger, Corder & Engle, P.C.

April 16, 2009

Mile High Community Loan Fund, Inc.
Statements of Financial Position
December 31, 2008 and 2007

	2008	2007
Assets:		
Current assets:		
Cash and cash equivalents	\$ 34,365	31,559
Short-term investments (note 3)	4,942,611	3,895,290
Accrued interest receivable	28,832	31,206
Contributions receivable (note 2)	50,000	50,000
Loans receivable, less loan loss reserve of \$90,970 and \$190,129 (note 5)	924,807	3,708,915
Total current assets	5,980,615	7,716,970
Noncurrent assets:		
Contributions receivable	-	50,000
Loans receivable, less loan loss reserve of \$358,335 and \$217,974 (note 5)	3,623,645	1,314,764
Foreclosed property held for sale (note 5)	690,000	690,000
Other assets	3,921	3,959
Restricted cash	-	22,565
Furniture and equipment, net of accumulated depreciation of \$23,360 and \$20,360	12,040	15,040
Total noncurrent assets	4,329,606	2,096,328
Total assets	\$ 10,310,221	9,813,298
Liabilities and Net Assets:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 26,400	29,292
Interest payable	1,586	8,501
Total current liabilities	27,986	37,793
Noncurrent liabilities:		
Escrow deposits payable	-	22,565
Notes payable (note 7)	2,475,000	2,475,000
Other liabilities (note 8)	3,250,000	2,950,000
Total noncurrent liabilities	5,725,000	5,447,565
Total liabilities	5,752,986	5,485,358
Net assets:		
Unrestricted:		
Designated - loan capital (note 9)	4,236,111	3,855,013
Designated - operating reserve (note 9)	221,124	322,927
Undesignated	100,000	100,000
Total unrestricted net assets	4,557,235	4,277,940
Temporarily restricted (note 10)	-	50,000
Total net assets	4,557,235	4,327,940
Commitments and contingencies (notes 5, 7, 8, 11, and 12)		
Total liabilities and net assets	\$ 10,310,221	9,813,298

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.
Statement of Activities
Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Total
Revenue, gains and support:			
Grants and contributions	\$ 301,630	-	301,630
Loan fees	22,727	-	22,727
Interest income on loans	283,385	-	283,385
Net investment income	162,887	-	162,887
Miscellaneous income	1,207	-	1,207
Net assets released from restrictions due to satisfaction of expenditure requirements	50,000	(50,000)	-
Total revenue, gains and support	<u>821,836</u>	<u>(50,000)</u>	<u>771,836</u>
Expenses:			
Program services:			
Loan program:			
Provision for loan loss reserve	41,202	-	41,202
Other loan program services	313,154	-	313,154
Total loan program services	<u>354,356</u>	<u>-</u>	<u>354,356</u>
Technical assistance	31,080	-	31,080
Total program services	<u>385,436</u>	<u>-</u>	<u>385,436</u>
Supporting services:			
Management and general	109,118	-	109,118
Fundraising	47,987	-	47,987
Total supporting services	<u>157,105</u>	<u>-</u>	<u>157,105</u>
Total expenses	<u>542,541</u>	<u>-</u>	<u>542,541</u>
Change in net assets	279,295	(50,000)	229,295
Net assets, beginning of year	<u>4,277,940</u>	<u>50,000</u>	<u>4,327,940</u>
Net assets, end of year	<u>\$ 4,557,235</u>	<u>-</u>	<u>4,557,235</u>

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.
Statement of Activities
Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, gains and support:			
Grants and contributions	\$ 101,841	-	101,841
Loan fees	62,526	-	62,526
Interest income on loans	330,648	-	330,648
Net investment income	181,832	-	181,832
Miscellaneous income	400	-	400
Recovery of loan loss	100,488	-	100,488
Net assets released from restrictions due to satisfaction of expenditure requirements	50,000	(50,000)	-
Total revenue, gains and support	<u>827,735</u>	<u>(50,000)</u>	<u>777,735</u>
Expenses:			
Program services:			
Loan program:			
Provision for loan loss reserve	925,233	-	925,233
Other loan program services	578,857	-	578,857
Total loan program services	1,504,090	-	1,504,090
Technical assistance	9,902	-	9,902
Total program services	1,513,992	-	1,513,992
Supporting services:			
Management and general	115,516	-	115,516
Fundraising	82,663	-	82,663
Total supporting services	198,179	-	198,179
Total expenses	1,712,171	-	1,712,171
Change in net assets	(884,436)	(50,000)	(934,436)
Net assets, beginning of year	5,162,376	100,000	5,262,376
Net assets, end of year	<u>\$ 4,277,940</u>	<u>50,000</u>	<u>4,327,940</u>

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.
Statement of Functional Expenses
Year Ended December 31, 2008

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Loan Program</u>	<u>Technical Assistance</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total Supporting Services</u>	
Expenses:							
Salaries	\$ 97,388	21,779	119,167	50,822	36,048	86,870	206,037
Benefits	16,018	3,582	19,600	8,359	5,929	14,288	33,888
Provision for loan loss reserves	41,202	-	41,202	-	-	-	41,202
Interest expense	135,068	-	135,068	-	-	-	135,068
Professional services	12,767	-	12,767	29,214	-	29,214	41,981
Occupancy	8,795	1,967	10,762	4,590	3,256	7,846	18,608
Advertising and marketing	-	-	-	4,742	-	4,742	4,742
Travel	1,151	257	1,408	601	-	601	2,009
Computer expense	5,772	1,291	7,063	3,012	529	3,541	10,604
Insurance expense	1,219	272	1,491	636	451	1,087	2,578
Membership and subscriptions	1,352	303	1,655	706	-	706	2,361
Office supplies	1,549	347	1,896	809	574	1,383	3,279
Printing and copying	31	7	38	16	11	27	65
Training	2,464	551	3,015	1,286	-	1,286	4,301
Real property taxes	18,430	-	18,430	-	-	-	18,430
Other	9,732	407	10,139	3,585	664	4,249	14,388
Depreciation	1,418	317	1,735	740	525	1,265	3,000
Total expenses	\$ 354,356	31,080	385,436	109,118	47,987	157,105	542,541

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.
Statement of Functional Expenses
Year Ended December 31, 2007

	<u>Program Services</u>			<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Loan Program</u>	<u>Technical Assistance</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total Supporting Services</u>	
Expenses:							
Salaries	\$ 85,525	7,258	92,783	52,340	60,587	112,927	205,710
Benefits	14,369	1,219	15,588	8,974	10,179	19,153	34,741
Provision for loan loss reserves	925,233	-	925,233	-	-	-	925,233
Impairment of foreclosed asset	310,000	-	310,000	-	-	-	310,000
Interest expense	108,852	-	108,852	-	-	-	108,852
Professional services	9,116	49	9,165	31,477	410	31,887	41,052
Occupancy	7,153	607	7,760	4,467	5,067	9,534	17,294
Advertising and marketing	-	-	-	4,700	-	4,700	4,700
Travel	3,836	-	3,836	-	-	-	3,836
Computer expense	5,483	263	5,746	1,932	2,192	4,124	9,870
Insurance expense	-	-	-	3,114	-	3,114	3,114
Membership and subscriptions	1,193	101	1,294	745	845	1,590	2,884
Office supplies	1,268	108	1,376	792	898	1,690	3,066
Printing and copying	87	7	94	204	62	266	360
Training	1,366	15	1,381	110	125	235	1,616
Real property taxes	21,809	-	21,809	-	-	-	21,809
Other	8,800	275	9,075	6,661	2,298	8,959	18,034
Total expenses	\$ 1,504,090	9,902	1,513,992	115,516	82,663	198,179	1,712,171

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.
Statement of Cash Flows
Years Ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Change in net assets	\$ 229,295	(934,436)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,000	-
Provision for loan loss	41,202	925,233
Impairment of foreclosed asset	-	310,000
Recovery of loan loss	-	(85,800)
Decrease (increase) in operating assets:		
Accrued interest receivable	2,374	48,197
Contributions receivable	50,000	75,000
Other assets	38	1,144
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(2,892)	(10,782)
Interest payable	(6,915)	7,334
Net cash provided by operating activities	316,102	335,890
Cash flows from investing activities:		
Loan payments received	3,766,210	3,388,878
Loans disbursed	(3,332,185)	(4,679,682)
Purchases of furniture and equipment	-	(15,040)
Net change in investments	(1,047,321)	(776,059)
Net cash used in investing activities	(613,296)	(2,081,903)
Cash flows from financing activities:		
Proceeds from notes payable	-	750,000
Proceeds from other liabilities	300,000	600,000
Net cash provided by financing activities	300,000	1,350,000
Net increase (decrease) in cash and cash equivalents	2,806	(396,013)
Cash and cash equivalents, beginning of year	31,559	427,572
Cash and cash equivalents, end of year	\$ 34,365	31,559
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 141,982	101,458

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements

December 31, 2008 and 2007

(1) Summary of Significant Accounting Policies

(a) General

The Mile High Community Loan Fund, Inc. (the Fund), formerly known as Mile High Housing Fund, Inc., was established in 1999 as a private, not-for-profit community development financial institution (CDFI). The Fund's mission is to invest in affordable housing and other assets to improve economic opportunities of low income persons and communities.

In 2007, the Fund volunteered to participate in CARS, the CDFI Assessment Rating System, a comprehensive, third-party (Opportunity Finance Network, the CDFI National Trade Association) analysis of community development financial institutions that is designed to aid investors and donors in their decision making. CARS uses a comprehensive methodology, including on-site visits to rate CDFIs in the areas of Impact Performance and Financial Strength and Performance. The Financial Strength and Performance Rating uses a CAMEL (Capital, Assets, Management, Earnings, Liquidity) analysis to assess overall credit worthiness. The Fund was awarded an 'A3' rating. The rating equates to satisfactory or above in all the categories of assessment.

(b) Basis of Accounting

The accompanying financial statements of the Fund have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

(c) Financial Statement Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Fund is required 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. There are no permanently restricted net assets at December 31, 2008 and 2007.

(d) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(e) Contributions and Contributions Receivable

The Fund accounts for contributions in accordance with the requirements of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional contributions receivable are recognized as revenues in the period the promise is received. Conditional contributions receivable are recognized when the conditions on which they depend are substantially met.

(f) Cash and Cash Equivalents

The Fund considers all unrestricted highly liquid investments with an original maturity of three months or less, and which are not held as part of an investment portfolio, to be cash equivalents. Restricted cash, which is required to be kept in a separate bank account, are escrow deposits received from certain borrowers for insurance and property taxes.

(g) Furniture and Equipment

Furniture and equipment is stated at cost or, if donated, at the fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from three to five years. The Fund capitalizes all fixed asset purchases over \$2,500 with an estimated useful life of three years or more.

(h) Fair Value Measurements

Beginning in 2008, the Fund adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurements*. SFAS No. 157 requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1), inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2), and unobservable inputs from the asset or liability (Level 3).

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(i) Concentrations of Credit Risk

Financial instruments which potentially subject the Fund to concentrations of credit risk consist of cash accounts, money market accounts and certificates of deposit which may, during the year, exceed the federally insured limit set by the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). The Fund reduces credit risk by placing its cash, money market accounts and certificates of deposit with creditworthy, high quality financial institutions.

The Fund provides financing to affordable housing and nonprofit facility developers. Concentrations of credit risk with respect to loans receivable is limited due to the Fund's loan policies which set a maximum loan size for each loan and also limits the total amount loaned to a borrower.

(j) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(k) Income Tax Status

The Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and it qualifies for the charitable contribution deduction. However, income from activities not directly related to its tax-exempt purpose is subject to taxation as unrelated business income.

(2) Contributions Receivable

Contributions receivable of \$50,000 consist of amounts due for current and future operations and are due in less than one year. All contributions receivable are considered to be collectible.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(3) Short-Term Investments

Short-term investments are stated at fair value and consist of the following at December 31:

	<u>2008</u>	<u>2007</u>
Money market funds	\$ 2,510,036	3,020,101
Certificates of deposit	<u>2,432,575</u>	<u>875,189</u>
	<u>\$ 4,942,611</u>	<u>3,895,290</u>

All investment income consists of interest income and totaled \$162,887 and \$181,832 for 2008 and 2007, respectively.

(4) Fair Value Measurements

The carrying amount reporting in the statement of financial position for cash and cash equivalents, contributions receivables, and payables and accrued expenses approximate fair value because of the immediate or short-term maturities of these financial assets and liabilities.

The carrying value of loans receivable, all of which are expected to be held until maturity, are reported at the outstanding principal adjusted by any charge-offs and the allowance for loan losses, which approximates fair value.

The fair value of notes payable and other obligations approximates the carrying value since the stated rates are similar to the rates currently available to the Fund for debt with similar terms and maturities.

Fair value of assets measured on a recurring basis at December 31, 2008 are as follows:

	<u>Fair Value Measurements at Reporting Date Using</u>		
	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>December 31, 2008</u>			
Money market funds	\$ 2,510,036	-	2,510,036
Certificates of deposit	<u>2,432,575</u>	<u>2,432,575</u>	-
Total	<u>\$ 4,942,611</u>	<u>2,432,575</u>	<u>2,510,036</u>

The Fund does not have investments measured at fair value using Level 3 inputs to determine fair value.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(5) Loans Receivable

Loans receivable consist of simple interest loans to not-for-profit and for-profit developers for predevelopment, acquisition, bridge, construction and mini-perm costs of affordable housing for low income individuals and families and other community assets. Interest rates range from 5.00% to 8.75% per annum. At December 31, 2008, loans receivable maturities were as follows:

Year Ended December 31,	
2009	\$ 1,015,777
2010	2,312,887
2011	750,000
2012	346,224
2013 and beyond	<u>572,869</u>
	4,997,757
Less loan loss reserve	<u>(449,305)</u>
	<u>\$ 4,548,452</u>

Loans receivable are presented on the statement of financial position, net of related loan loss reserves at December 31, 2008 as follows:

Current	\$ 924,807
Non-current	<u>3,623,645</u>
	<u>\$ 4,548,452</u>

All loans are secured by certain property specified in the related loan documents.

Loan Loss Reserve

A committee approved by the Board of Directors meets regularly throughout the year to approve new loans, review existing loans, and assess the risk of those loans. The loan loss reserve is based on this risk assessment, which considers the following: collectibility of the loans based on past experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of the underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as information becomes available. Loans are considered delinquent depending on the contractual terms.

A summary of the activity in the allowance for loan losses for the year ended December 31, 2008 and 2007 is as follows:

	2008	2007
Balance, beginning of year	\$ 408,103	422,289
Provision charged to operations	41,202	880,814
Loan charged off	(-)	(895,000)
Balance, end of year	<u>\$ 449,305</u>	<u>408,103</u>

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(5) Loans Receivable, continued

In 2007, one loan totaling \$895,000 was charged off. Because the Fund is in third position on the property and due to the current real estate market, the Fund determined that this loan is unlikely to be recovered. However, the Fund continues to vigorously pursue recovery of the loan from the borrower, exercising its rights under the loan agreement and applicable laws.

In 2009, the Fund reserved an additional \$315,000 on one loan based on events that occurred subsequent to year-end. The Fund believes that it is reasonably possible that they will be unable to collect all amounts due under the loan agreement.

Nonaccrual Loans

Loans are placed on nonaccrual when management believes, after considering economic conditions, business conditions, and collection efforts that the loans are impaired or collection of interest is doubtful. Uncollected interest previously accrued is charged off. Interest income on nonaccrual loans is recognized only to the extent cash payments are received. The Fund has loans of approximately \$120,000 that are on nonaccrual at December 31, 2008.

Foreclosed Property

Another loan which was delinquent at December 31, 2005 was put into foreclosure in 2006. In February 2007, the Fund negotiated a loan loss recovery settlement with the borrower. The borrower paid \$12,500 in cash and signed a secured promissory note for \$85,800 at a 5% interest rate. Both principal and accrued interest are due on February 7, 2017. Additionally, the Fund was the successful bidder on the property at the foreclosure sale and received the deed to the vacant land in August 2006. The Fund is actively trying to sell this property. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the carrying amount of foreclosed assets classified as held for sale should be based on its fair value less the costs to sell at the acquisition date. Based on the most recent appraisal less the current estimated costs to sell the property, the foreclosed property is reflected on the statement of financial position as of December 31, 2008 and 2007 at \$690,000, which is a decrease of \$310,000 from the original value of \$1,000,000 recorded at December 31, 2006. A decline in the current real estate market is the cause for the impairment of this property, and thus an impairment loss of \$310,000 has been recorded on the 2007 statement of activities.

Loan Participations

At December 31, 2008, the Fund has an outstanding loan receivable with another not-for-profit organization, which the Fund provides 27.5862% or \$400,000 of the original financing on the loan. At December 31, 2007, the Fund had two outstanding loans receivable with not-for-profit organizations, which the Fund participated in \$1,250,000 of the aggregate original financing on the loans. These loans were paid off in 2008. Only the Fund's share of these participation loans is recorded on the statement of financial position.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(5) Loans Receivable, continued

Other

The Fund has one outstanding loan commitment to a borrower for \$500,000 at December 31, 2008.

The Fund's board of directors includes a manager at the Lakewood Housing Authority, which has an outstanding loan receivable of \$487,069 with the Fund at December 31, 2008.

(6) Below Market Interest Rate Loans

Generally accepted accounting principles require not-for-profit organizations to record interest expense (income) and contribution revenue (expense) in connection with loans that are interest free or that have below-market interest rates. The Fund believes there is no material difference between community development finance market rates and the stated rates of loans in the Fund's portfolio. Consequently no adjustments have been made to the financial statements to reflect rate differentials.

(7) Notes Payable

Notes payable consists of the following at December 31:	<u>2008</u>	<u>2007</u>
Unsecured loan from the Lakewood Housing Authority with 0% interest with unpaid principal balance due January 7, 2011	\$ 50,000	50,000
Unsecured loan from the City of Arvada with 0% interest with unpaid principal balance due January 7, 2010	75,000	75,000
Unsecured loan from the City of Englewood with 0% interest with unpaid principal balance due January 7, 2011	50,000	50,000
Unsecured loan from the City of Boulder with 0% interest with unpaid principal balance due January 5, 2011	50,000	50,000
Unsecured loan from Colorado Housing and Finance Authority with 2% interest which is paid quarterly; the unpaid principal balance and accrued interest is due December 1, 2010	1,500,000	1,500,000
Unsecured loan from Calvert Social Investment Foundation with 4.5% interest which is paid semi-annually; the unpaid principal balance and accrued interest is due June 30, 2012	250,000	250,000
Unsecured loan from Seedco Financial Services, Inc. with 6 month LIBOR minus .89 percentage points variable rate interest (1.629% at 12/31/08) which is paid quarterly; the unpaid principal balance and accrued interest is due September 27, 2012	<u>500,000</u>	<u>500,000</u>
	\$ <u>2,475,000</u>	<u>2,475,000</u>

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(7) Notes Payable, Continued

As of December 31, 2008, required future annual principal payments are as follows:

Year Ended <u>December 31,</u>	
2009	\$ -
2010	1,575,000
2011	150,000
2012	<u>750,000</u>
	\$ <u>2,475,000</u>

Performance Covenants

The Fund is required to meet certain performance covenants as specified in the individual note agreements, including, among other requirements, maintaining: a specified minimum unrestricted net asset balance, specified loan to loan capital ratios, and specified capital deployment rates.

At December 31, 2008 and 2007, the Fund's management is not aware of any violations of the loan covenants and reporting requirements.

(8) Other Liabilities

"Other liabilities" is comprised of equity equivalent investments. An equity equivalent investment has an indefinite term and is fully subordinate to all other Fund liabilities. Following is a summary of the equity equivalent investments at December 31:

<u>Lender</u>	<u>Repayment terms</u>	<u>Interest rate</u>	<u>2008</u>	<u>2007</u>
U.S. Bancorp Community Development Corporation	Quarterly interest only	2%	\$ 1,000,000	1,000,000
KeyBank National Association	Quarterly interest only	4%*	350,000	350,000
Wells Fargo Community Development Corporation	Quarterly interest only	2%	1,000,000	1,000,000
Bank of the West	Quarterly interest only	2%	500,000	500,000
Wachovia Bank	Quarterly interest only	2%	300,000	-
Mile High Bank	Quarterly interest only	3%	<u>100,000</u>	<u>100,000</u>
			\$ <u>3,250,000</u>	<u>2,950,000</u>

* KeyBank provided an amendment to their equity equivalent investment, in which the Fund will pay interest at 2% for twelve months beginning September 29, 2008.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(8) Other Liabilities, Continued

Performance Covenants

The fund is required to meet certain performance covenants as specified in the individual financing agreements, including, among other requirements maintaining: a specified minimum equity base, specified subordinated debt to loan capital ratios, and maintaining a loan loss reserve in accordance with the Fund's loan loss reserve policy. At December 31, 2008 and 2007, the Fund's management is not aware of any violations of covenants and reporting requirements.

Line of Credit

In May 2006, Enterprise Community Loan Fund provided the Fund with a \$2,000,000 unsecured line of credit with a maturity date of May 11, 2008. No amounts were drawn on this line of credit and the agreement was not renewed in 2008. In June 2007, Fannie Mae provided the Fund with a \$1,000,000 unsecured line of credit with a maturity date of June 18, 2011. Because no amounts were drawn on this line of credit for at least a twelve-month period, Fannie Mae, at its discretion, terminated the line of credit in 2008.

Other

The Fund's board of directors include: an officer of U.S. Bank, an officer of Wells Fargo, a manager with the Colorado Housing and Finance Authority, a manager with Lakewood Housing Authority, and a manager with the City of Boulder Housing and Community Development.

(9) Designations of Unrestricted Net Assets

At December 31, 2008, a portion of unrestricted net assets totaling \$4,236,111 has been designated by the board of directors for lending activities. The board has also designated \$221,124 for an operating reserve which is based on six months of budgeted operating expenses for the subsequent year.

(10) Restrictions on Net Assets

At December 31, 2007 temporarily restricted net assets consisted of contributions receivable for future operations. There are no temporarily restricted net assets at December 31, 2008.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(11) Operating Leases

The Fund leases its office space under a non-cancelable operating lease agreement which expires on August 31, 2011. Future minimum lease payments required under this operating lease are as follows:

2009	\$ 15,991
2010	17,171
2011	<u>11,994</u>
	\$ <u>45,156</u>

Rent expense was \$15,527 and \$14,486 for the years ended December 31, 2008 and 2007, respectively.

(12) Retirement Plan

The Fund has a Savings Incentive Match Plan (SIMPLE IRA), in which all full-time and eligible part-time employees are eligible to participate in the plan. The Fund may match employee's contributions up to 3% of the employees' annual salary. The board approves the match on an annual basis. During the years ended December 31, 2008 and 2007 the Fund contributed \$6,160 and \$6,150, respectively, to the Plan.