

Mile High Community Loan Fund, Inc.

Financial Statements

December 31, 2010 and 2009

(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, 2010 and 2009, 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, 2010 and 2009, 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 22, 2011

Mile High Community Loan Fund, Inc.
Statements of Financial Position
December 31, 2010 and 2009

	2010	2009
Assets:		
Current assets:		
Cash and cash equivalents	\$ 522,930	168,692
Short-term investments (note 2)	7,081,217	4,740,714
Accrued interest receivable	23,740	16,954
Contributions receivable	-	4,000
Loans receivable, less loan loss reserve of \$470,810 and \$541,377 (note 4)	1,840,128	3,269,450
Total current assets	<u>9,468,015</u>	<u>8,199,810</u>
Noncurrent assets:		
Loans receivable, less loan loss reserve of \$174,563 and \$200,620 (note 4)	1,334,962	1,422,854
Foreclosed property held for sale (note 4)	690,000	690,000
Other assets	4,801	4,906
Furniture and equipment, net of accumulated depreciation of \$29,360 and \$26,360	8,596	11,596
Total noncurrent assets	<u>2,038,359</u>	<u>2,129,356</u>
Total assets	<u>\$ 11,506,374</u>	<u>10,329,166</u>
Liabilities and Net Assets:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 29,183	23,494
Interest payable	21,167	7,962
Total current liabilities	<u>50,350</u>	<u>31,456</u>
Noncurrent liabilities:		
Notes payable (note 6)	3,225,000	2,725,000
Other liabilities (note 7)	3,250,000	3,250,000
Total noncurrent liabilities	<u>6,475,000</u>	<u>5,975,000</u>
Total liabilities	<u>6,525,350</u>	<u>6,006,456</u>
Net assets:		
Unrestricted:		
Designated - loan capital (note 8)	4,727,945	4,024,633
Designated - operating reserve (note 8)	153,079	194,077
Undesignated	100,000	100,000
Total unrestricted net assets	<u>4,981,024</u>	<u>4,318,710</u>
Temporarily restricted (note 9)	-	4,000
Total net assets	<u>4,981,024</u>	<u>4,322,710</u>
Commitments and contingencies (notes 4, 6, 7, 10, and 11)		
Total liabilities and net assets	<u>\$ 11,506,374</u>	<u>10,329,166</u>

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.
Statement of Activities
Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Total
Revenue, gains and support:			
Government grant for loan capital	\$ 500,000	-	500,000
Grants and contributions	71,100	-	71,100
Loan fees	14,590	-	14,590
Interest income on loans	307,024	-	307,024
Net investment income	57,770	-	57,770
Miscellaneous income	45	-	45
Recovery of loan loss	188,624	-	188,624
Special events	16,850	-	16,850
Net assets released from restrictions due to satisfaction of time restrictions	4,000	(4,000)	-
Total revenue, gains and support	1,160,003	(4,000)	1,156,003
Expenses:			
Program services:			
Loan program:			
Loan program services	328,536	-	328,536
Total loan program services	328,536	-	328,536
Technical assistance	50,220	-	50,220
Total program services	378,756	-	378,756
Supporting services:			
Management and general	89,795	-	89,795
Fundraising	29,138	-	29,138
Total supporting services	118,933	-	118,933
Total expenses	497,689	-	497,689
Change in net assets	662,314	(4,000)	658,314
Net assets, beginning of year	4,318,710	4,000	4,322,710
Net assets, end of year	\$ 4,981,024	-	4,981,024

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.
Statement of Activities
Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Total
Revenue, gains and support:			
Grants and contributions	\$ 56,450	4,000	60,450
Loan fees	17,106	-	17,106
Interest income on loans	247,819	-	247,819
Net investment income	108,218	-	108,218
Miscellaneous income	1,664	-	1,664
Recovery of loan loss	92,776	-	92,776
Net assets released from restrictions due to satisfaction of expenditure requirements	-	-	-
Total revenue, gains and support	524,033	4,000	528,033
Expenses:			
Program services:			
Loan program:			
Provision for loan loss reserve	292,692	-	292,692
Other loan program services	282,335	-	282,335
Total loan program services	575,027	-	575,027
Technical assistance	52,433	-	52,433
Total program services	627,460	-	627,460
Supporting services:			
Management and general	96,518	-	96,518
Fundraising	38,580	-	38,580
Total supporting services	135,098	-	135,098
Total expenses	762,558	-	762,558
Change in net assets	(238,525)	4,000	(234,525)
Net assets, beginning of year	4,557,235	-	4,557,235
Net assets, end of year	\$ 4,318,710	4,000	4,322,710

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.
Statement of Functional Expenses
Year Ended December 31, 2010

	<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	\$ 109,838	35,305	145,143	33,344	17,652	50,996	196,139
Benefits	20,614	6,626	27,240	6,258	3,312	9,570	36,810
Interest expense	134,262	-	134,262	-	-	-	134,262
Professional services	15,864	-	15,864	27,418	-	27,418	43,282
Occupancy	11,936	3,837	15,773	3,624	1,918	5,542	21,315
Advertising and marketing	-	-	-	7,952	-	7,952	7,952
Travel	2,171	712	2,883	676	-	676	3,559
Computer expense	2,194	707	2,901	669	298	967	3,868
Insurance expense	1,495	481	1,976	454	240	694	2,670
Memberships and subscriptions	817	268	1,085	255	-	255	1,340
Office supplies	1,415	455	1,870	430	227	657	2,527
Training	2,430	797	3,227	757	-	757	3,984
Real property taxes	16,676	-	16,676	-	-	-	16,676
Other	7,144	492	7,636	7,448	226	7,674	15,310
Special events	-	-	-	-	4,995	4,995	4,995
Depreciation	1,680	540	2,220	510	270	780	3,000
Total expenses	\$ 328,536	50,220	378,756	89,795	29,138	118,933	497,689

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.
Statement of Functional Expenses
Year Ended December 31, 2009

	<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	\$ 97,638	38,625	136,263	43,446	28,964	72,410	208,673
Benefits	17,663	6,988	24,651	7,860	5,239	13,099	37,750
Provision for loan loss reserves	292,692	-	292,692	-	-	-	292,692
Interest expense	120,809	-	120,809	-	-	-	120,809
Professional services	7,189	-	7,189	29,018	-	29,018	36,207
Occupancy	9,729	3,849	13,578	4,329	2,886	7,215	20,793
Advertising and marketing	-	-	-	4,658	-	4,658	4,658
Travel	1,432	320	1,752	747	-	747	2,499
Computer expense	289	82	371	143	30	173	544
Insurance expense	1,260	498	1,758	561	374	935	2,693
Memberships and subscriptions	836	187	1,023	436	-	436	1,459
Office supplies	930	368	1,298	414	276	690	1,988
Printing and copying	76	30	106	34	23	57	163
Training	1,873	420	2,293	978	-	978	3,271
Real property taxes	16,281	-	16,281	-	-	-	16,281
Other	4,926	511	5,437	3,269	372	3,641	9,078
Depreciation	1,404	555	1,959	625	416	1,041	3,000
Total expenses	\$ 575,027	52,433	627,460	96,518	38,580	135,098	762,558

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.
Statements of Cash Flows
Years Ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 658,314	(234,525)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,000	3,000
Provision for loan loss	-	292,692
Recovery of loan loss	(96,624)	-
Decrease (increase) in operating assets:		
Accrued interest receivable	(6,786)	11,878
Contributions receivable	4,000	46,000
Other assets	105	(985)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	5,689	(2,906)
Interest payable	13,205	6,376
Net cash provided by operating activities	580,903	121,530
Cash flows from investing activities:		
Loan payments received	2,327,445	1,452,531
Loans disbursed	(713,607)	(1,889,075)
Purchases of furniture and equipment	-	(2,556)
Net change in investments	(2,340,503)	201,897
Net cash used in investing activities	(726,665)	(237,203)
Cash flows from financing activities:		
Proceeds from notes payable	500,000	250,000
Net cash provided by financing activities	500,000	250,000
Net increase in cash and cash equivalents	354,238	134,327
Cash and cash equivalents, beginning of year	168,692	34,365
Cash and cash equivalents, end of year	\$ 522,930	168,692
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 120,539	110,968

See accompanying notes to financial statements.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements

December 31, 2010 and 2009

(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 2010, 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 'A2' rating, which is an upgraded rating over the 'A3' rating previously received in 2007. 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

Information regarding the financial position and activities of the Fund is reported according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. There are no permanently restricted net assets at December 31, 2010 and 2009.

(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

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.

(g) Furniture and Equipment

Furniture and equipment is stated at cost or, if donated, at the fair 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

The Fund follows the provisions of the *Fair Value Measurements and Disclosures* Topic of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), which requires the 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 for 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.

The Fund is required to report uncertain tax positions. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2010. If incurred, interest and penalties associated with uncertain tax positions would be recorded in the period assessed as other operating expenses. No interest or penalties have been assessed as of December 31, 2010. The three previous tax years remain subject to examination.

(l) Subsequent Events

Management is required to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Fund's financial statements were available to be issued April 22, 2011 and this is the date through which subsequent events were evaluated.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(2) Short-Term Investments

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

	<u>2010</u>	<u>2009</u>
Money market funds	\$ 4,595,339	1,970,756
Certificates of deposit	<u>2,485,878</u>	<u>2,769,958</u>
	<u>\$ 7,081,217</u>	<u>4,740,714</u>

All investment income consists of interest income and totaled \$57,770 and \$108,218 for 2010 and 2009, respectively.

(3) Fair Value Measurements

The carrying amount reported 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 fair value of loans receivable, all of which are expected to be held until maturity, is 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 values of assets measured at December 31, 2010 are as follows:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Measured on a recurring basis:				
Money market funds	\$ 4,595,339	4,595,339	-	-
Certificates of deposit	2,485,878	-	2,485,878	-
Measured on a nonrecurring basis:				
Foreclosed property	<u>690,000</u>	<u>-</u>	<u>-</u>	<u>690,000</u>
Total	<u>\$ 7,771,217</u>	<u>4,595,339</u>	<u>2,485,878</u>	<u>690,000</u>

Fair values of assets measured at December 31, 2009 are as follows:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Measured on a recurring basis:				
Money market funds	\$ 1,970,756	1,970,756	-	-
Certificates of deposit	2,769,958	-	2,769,958	-
Measured on a nonrecurring basis:				
Foreclosed property	<u>690,000</u>	<u>-</u>	<u>-</u>	<u>690,000</u>
Total	<u>\$ 4,740,714</u>	<u>1,970,756</u>	<u>2,769,958</u>	<u>690,000</u>

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(3) Fair Value Measurements

Fair value of certificates of deposit in Level 2 are calculated using quoted market prices for similar assets in markets that are not active.

In accordance with *Receivables* Topic of FASB ASC, the value of the foreclosed assets classified as held for sale is based on its fair value less the costs to sell, not to exceed the cost of property acquired through foreclosure. The fair value is based on an appraisal from 2010, less management's estimates of the costs to sell. (See note 4).

(4) 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 4.00% to 7.50% per annum. At December 31, 2010, loans receivable maturities were as follows:

Year Ending <u>December 31,</u>	
2011	\$ 2,310,938
2012	885,576
2013	456,945
2014	-
2015	-
2016 and beyond	<u>167,004</u>
	3,820,463
Less loan loss reserve	<u>(645,373)</u>
	<u>\$ 3,175,090</u>

Loans receivable are presented on the statement of financial position, net of related loan loss reserves at December 31, 2010 as follows:

Current assets	\$ 1,840,128
Non-current assets	<u>1,334,962</u>
	<u>\$ 3,175,090</u>

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

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(4) Loans Receivable, Continued

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, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 741,997	449,305
Provision charged to operations	-	292,692
Recovery of loan loss	<u>(96,624)</u>	<u>-</u>
Balance, end of year	\$ <u>645,373</u>	<u>741,997</u>

In 2007, one loan totaling \$895,000 was charged off. Because the Fund was in third position on the property and due to the current real estate market, the Fund determined in 2007 that this loan was unlikely to be recovered. However, the Fund has continued to vigorously pursue recovery of the loan from the borrower, exercising its rights under the loan agreement and applicable laws. In April 2009, the borrower entered into a workout agreement with the Fund to pay back the loan through \$2,000 payments from each home sale by the borrower and related entities as defined in the agreement. No interest is to be paid in this agreement and there is no certainty as to the timing of the installment payments. Any remaining unpaid balance is due on December 31, 2012. In 2010, the Fund has recovered about 21% of the original loan amount, and these amounts are recorded as loan loss recoveries on the statement of activities.

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, if any, is reversed from income. Interest on nonaccrual loans is recognized as income only when the loan is paid in full. The Fund has loans of approximately \$106,000 and \$770,000 that are on nonaccrual at December 31, 2010 and 2009, respectively.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(4) Loans Receivable, Continued

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 *Receivables* Topic of FASB ASC, the value of the foreclosed assets classified as held for sale is based on its fair value less the costs to sell, not to exceed the cost of property acquired through foreclosure.

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, 2010 and 2009 at \$690,000, which is a decrease of \$310,000 from the original value of \$1,000,000 recorded at December 31, 2006.

Loan Participations

At December 31, 2010, the Fund had three outstanding loans receivable with another not-for-profit organization. On one loan, the Fund provides 50.0% or \$55,000 of the original financing. On a second loan, the Fund provides 25% or \$35,000 of the original financing. On the third loan, the Fund provides 31.42% or \$550,000 of the original financing. During 2010, the second loan was paid in full. Only the Fund's share of these participation loans are recorded on the statement of financial position. Loans that the Fund participated in totaling \$1,050,000 at December 31, 2009 were paid in full in 2010.

Other

The Fund has six outstanding loan commitments and undisbursed loan portfolio totaling \$2,663,190 at December 31, 2010.

(5) 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.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(6) Notes Payable

Notes payable consists of the following at December 31:	<u>2010</u>	<u>2009</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 April 1, 2012	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 31, 2015	2,000,000	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	500,000	500,000
Unsecured loan from Seedco Financial Services, Inc. with 6 month LIBOR minus .89 percentage points variable rate interest (0% at 12/31/10) 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>\$ 3,225,000</u>	<u>2,725,000</u>

As of December 31, 2010, required future annual principal payments are as follows:

<u>Year Ending December 31,</u>	
2011	\$ 100,000
2012	1,075,000
2013	-
2014	-
2015	2,000,000
Thereafter	<u>50,000</u>
	<u>\$ 3,225,000</u>

Subsequent to December 31, 2010, the \$50,000 loan from Lakewood Housing Authority was forgiven and recognized as a grant in 2011. The \$50,000 loan from the City of Boulder was renewed under the same terms with a maturity date of January 5, 2016.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(7) 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>2010</u>	<u>2009</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
Wells Fargo Community Lending and Investment Group	Quarterly interest only	2%	300,000	300,000
Mile High Bank	Quarterly interest only	3%	<u>100,000</u>	<u>100,000</u>
			\$ <u>3,250,000</u>	<u>3,250,000</u>

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, 2010, the Fund was in compliance with the covenants and reporting requirements.

Other

The Fund’s board of directors includes: an officer of U.S. Bank, an officer of Wells Fargo, and a manager with the Colorado Housing and Finance Authority.

(8) Designations of Unrestricted Net Assets

At December 31, 2010, a portion of unrestricted net assets totaling \$4,727,945 has been designated by the board of directors for lending activities. The board has also designated \$153,079 for an operating reserve which is based on six months of budgeted operating expenses for the subsequent year.

Mile High Community Loan Fund, Inc.

Notes to Financial Statements, Continued

(9) Restrictions on Net Assets

At December 31, 2009, temporarily restricted net assets consisted of contributions receivable for future operations and was received as released from restriction in 2010.

(10) Operating Lease

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 for 2011 total \$11,994.

Rent expense was \$18,631 and \$17,623 for the years ended December 31, 2010 and 2009, respectively.

(11) 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, 2010 and 2009, respectively, the Fund contributed \$5,028 and \$5,781 to the Plan.