

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.,
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED
SEPTEMBER 30, 2010 AND 2009**

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OF CENTRAL FLORIDA, INC.
FINANCIAL STATEMENTS
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Black Business Investment Fund
of Central Florida, Inc.
Orlando, Florida

We have audited the accompanying statements of financial position of the Black Business Investment Fund of Central Florida, Inc. (a Florida nonprofit organization) as of September 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Additionally, the 2010 audit complied with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the Black Business Investment Fund of Central Florida, Inc. as of September 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2011 on our consideration of Black Business Investment Fund of Central Florida, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on its compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of state financial assistance is presented for purpose of additional analysis as required by *the Florida Single Audit Act*, Chapter 10.650, Rules of the State Auditor General, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

L.F. Harris & Associates

L.F. Harris and Associates, CPA, P.A.
Orlando, Florida
May 31, 2011

BLACK BUSINESS INVESTMENT FUND OF CENTRAL FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2010 and 2009

ASSETS	2010	2009
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 657,121	\$ 540,219
Restricted Cash	3,438,531	-
Accounts Receivable	10,005	8,800
Investments	3,534	3,584
Prepays	5,704	1,878
Due from Affiliates	9,889	441
Note Receivable, Affiliate	554,914	580,000
Current Portion of Notes Receivable, Net	955,274	224,761
Total Current Assets	5,634,972	1,359,683
PROPERTY AND EQUIPMENT		
Furniture and Equipment	109,529	108,603
Less: Accumulated Depreciation	(83,359)	(86,579)
Net Property and Equipment	26,170	22,024
OTHER ASSETS		
Deposits	3,520	935
Notes Receivable	4,486,012	-
Long Term Notes Receivable, Affiliates, Net	2,082,394	1,953,105
Total Other Assets	6,571,926	1,954,040
TOTAL ASSETS	\$ 12,233,068	\$ 3,335,747
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 5,200	\$ 8,666
Accrued Liabilities	80,932	22,811
Current Portion - Long Term Debt and Leases	1,645,980	5,442
Total Current Liabilities	1,732,112	36,919
LONG-TERM LIABILITES		
Long-Term Debt and Leases less current portion	7,513,957	580,863
Total Liabilities	9,246,069	617,782
NET ASSETS		
Temporarily Restricted Net Assets	49,811	174,278
Investment Contributions - Unrestricted	2,340,833	2,340,833
Unrestricted Net Assets	596,355	202,854
Total Net Assets	2,986,999	2,717,965
TOTAL LIABILITIES AND NET ASSETS	\$ 12,233,068	\$ 3,335,747

See accompanying notes to financial statements

BLACK BUSINESS INVESTMENT FUND OF CENTRAL FLORIDA, INC.
STATEMENTS OF ACTIVITIES
September 30, 2010 and 2009

	2010			Unrestricted
	Unrestricted	Temporarily Restricted	Total	
Revenues, Gains and Other Support				
Contributions	\$ 271,340	\$ 261,333	\$ 532,673	\$ 304,656
Service Income	91,007		91,007	90,393
Loan Interest Income	67,993		67,993	32,623
Interest and Dividend Income	5	1,681	1,686	(97)
Loan Fees	244,045		244,045	5,880
Other Revenues	8,385		8,385	1,100
Total Revenues and Other Support	682,775	263,014	945,789	434,555
Expenses				
Salaries and Fringe Benefits	370,359		370,359	342,400
Rental Expense	48,576		48,576	48,890
Contracted Professional/Technical Services	122,774		122,774	53,490
Bad Debt Expense	33,372		33,372	27,072
Insurance	1,718		1,718	2,461
Seminars and Conferences	7,778		7,778	6,442
Office Expense	22,281		22,281	17,038
Depreciation	9,293		9,293	10,589
Telephone	11,947		11,947	7,491
Travel	8,289		8,289	3,215
Sponsorships	1,690		1,690	168
Advertising and Marketing	7,817		7,817	4,131
Interest Expense	2,713		2,713	863
Taxes, Licenses, and Fees	592		592	271
Dues/Subscriptions	21,418		21,418	2,965
Bank Charges	1,705		1,705	2,859
Repairs and Maintenance	1,416		1,416	610
Total Expenses	673,738	-	673,738	530,955
Change in Net Assets From Operations	9,037	263,014	272,051	(96,400)
Disposition of Fixed Assets Gain (Loss)				
Loss on Disposition of Fixed Assets	(3,017)		(3,017)	-
Net Assets Released from Restrictions				
Satisfaction of Program Restrictions	387,481	(387,481)	-	425,492
Net Increase (Decrease) in Net Assets	393,501	(124,467)	269,034	329,092
Net Assets, Beginning of Year	2,543,687	174,278	2,717,965	2,214,595
Net Assets, End of Year	\$ 2,937,188	\$ 49,811	\$ 2,986,999	\$ 2,543,687

See accompanying notes to financial statements

BLACK BUSINESS INVESTMENT FUND OF CENTRAL FLORIDA, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 269,034	\$ 503,370
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (used in) operating activities:		
Depreciation	9,293	10,589
Bad Debt Expense	33,372	27,072
Capitalized Affiliate Loan Interest and Fees	(56,791)	
Loss on Disposition of Fixed Assets	3,017	-
Changes in Operating Assets:		
Accounts Receivable	(1,205)	25,190
Prepaid Expenses	(3,826)	7,641
Due from Affiliates	(9,448)	2,386
Deposits	(2,585)	-
Changes in Operating Liabilities:		
Accounts Payable	(3,466)	3,627
Accrued Liabilities	58,121	13,265
Total Adjustments	26,482	89,770
Net Cash Provided By Operating Activities	295,516	593,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in Affiliate Notes Receivable	(80,000)	(61,000)
Investments in Notes Receivable	(945,597)	(495,378)
Principal Collected on Notes Receivable	599,160	291,943
Sale of Investments	50	42
Purchases of Property & Equipment	(14,147)	(5,708)
Net Cash Used in Investing Activities	(440,534)	(270,101)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Lutheran Loan	300,000	-
Principal and Interest Paid on behalf of Affiliate	(34,208)	-
Capital Lease Principal Repayments	(3,872)	(4,538)
Net Cash (Used in)/Provided by Financing Activities	261,920	(4,538)
NET INCREASE IN CASH AND CASH EQUIVALENTS	116,902	318,501
CASH AND CASH EQUIVALENTS, Beginning of Year	540,219	221,718
CASH AND CASH EQUIVALENTS, End of Year	\$ 657,121	\$ 540,219
SUPPLEMENTAL DISCLOSURE:		
Interest Paid	\$ 613	\$ 863
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:		
Copier acquired via capital lease	\$ 9,250	\$ -

See accompanying notes to financial statements

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE A – DESCRIPTION OF THE ORGANIZATION

The Black Business Investment Fund of Central Florida, Inc. (the Fund) is a non-profit corporation organized on May 12, 1987 under the laws of the State of Florida pursuant to Chapter 617, Florida Statutes. The Fund's purpose is to develop and promote black businesses in Central Florida through education, training, loans, investments and other activities, and aggressively promote an atmosphere conducive to their development. The Fund is one of eight such Funds in the State of Florida. The Fund is exempt from income taxation under Code Section 501(c)(4) of the Internal Revenue Code.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Under FASB guidelines, the organization 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.

Recognition of Revenues

Revenues from the provision of loans and other services are recognized when earned, which is usually at the time the services are provided, and represent unrestricted support.

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions.

All 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. It is the Fund's policy to record revenues as unrestricted support when the restrictions have been satisfied in the same fiscal year that the revenues were recognized.

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During the years ended September 30, 2010 and 2009 contributions recognized that were subject to unsatisfied restrictions amounted to \$49,810 and \$174,278, respectively.

Investments

Investments in debt and equity securities are carried in the statement of financial position at fair market value. Any gains or losses on investments are reported in the statement of activities as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Property and Equipment

The Fund capitalizes expenditures for property and equipment expected to have a useful life in excess of a year and cost in excess of \$500. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis over periods ranging from 3 to 7 years. Routine repairs and maintenance are expensed as incurred.

Donated Services

Members of the Board of Directors and Loan Committee serve without compensation. These services are not recorded in the financial statements since they do not meet the criteria for recognition.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fund considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. Included in cash and cash equivalents at September 30, 2010 and 2009, respectively, are approximately \$276,400 and \$333,500 relating to the Black Business Loan Program (Note N), which per the agreement must be held in a separate bank account.

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Notes Receivable

Notes receivable are carried at cost, less an allowance for loan losses and net deferred loan fees and unearned discounts. The allowance for loan losses is increased by charges to the statement of activities and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Fund's past loan loss experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Past due status is determined based on contractual terms. Loans are considered impaired if full principal or interest payments are not anticipated in accordance with the contractual terms. The Fund's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating financial condition, or significant depreciation of the underlying collateral. Loans are placed on non-accrual status 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 or an allowance is established by a charge to interest income. Interest income on non-accrual loans is recognized only to the extent cash payments are received.

Loan origination and commitment fees that are charged on non affiliate loans, as well as certain direct origination costs are deferred and amortized as a yield adjustment over the lives of the related loans using the interest method, when material. However, in situations where the Fund does not bear the risk of loss, such fees are recognized at the time the loans are made. Amortization of deferred loan fees is discontinued when a loan is placed on non-accrual status. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Restricted Cash

Restricted cash at September 30, 2010 amounting to \$3,438,531, relates to the Economic Gardening Business Loan Pilot Program Agreement (Note N), which, per the agreement, must be held in separate bank accounts.

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**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Depreciation expense for the years ended September 30, 2010 and 2009 amounted to \$9,293 and \$10,589 respectively.

At September 30, property and equipment consisted of the following:

	<u>2010</u>	<u>2009</u>
Fixtures and Equipment	\$ 109,529	\$ 108,603
Less accumulated depreciation	<u>(83,359)</u>	<u>(86,579)</u>
Net Furniture and Fixtures	<u>\$ 26,170</u>	<u>\$ 22,024</u>

NOTE D - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

The Fund places its cash with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 effective October 3, 2008. At September 30, 2010 and 2009, respectively, the Fund had cash and cash equivalents at financial institutions exceeding the then federally insured limits by \$3,586,078 and \$109,355, respectively.

Notes receivable are principally with small businesses and related parties (see Note F) within Central Florida. Realization of these notes is dependent on various individual economic conditions. The Fund performs ongoing credit evaluations of the financial condition of the businesses and individuals and, generally, requires collateral from them. Notes receivable are carried at estimated net realizable values.

NOTE E – INVESTMENTS

The Fund's marketable investments are shown on the statement of financial position at fair market value. At September 30, 2010 and 2009 the Fund's investments consisted of cash equivalents. Aggregate cost and market value of these investments were:

	<u>COST</u>		<u>MARKET VALUE</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Bank of America Investment Services	\$ 3,534	\$ 3,584	\$ 3,534	\$ 3,584
Total Investments	<u>\$ 3,534</u>	<u>\$ 3,584</u>	<u>\$ 3,534</u>	<u>\$ 3,584</u>

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE F – NOTES RECEIVABLE (see Note N)

Small Business Loans

The Fund holds various notes receivable for direct loans to both small minority owned business, and small to midsized businesses meeting certain predetermined revenue and employment criteria. These notes are issued for periods up to six years, with interest rates ranging from 2% to 15%, and are secured by the business and personal assets of the borrowers. The balances due on the notes receivables for the years ended September 30, 2010 and 2009 totaled \$5,493,953 and \$251,558, respectively. The related allowance for doubtful accounts for the years ended September 30, 2010 and 2009 totaled \$52,668 and \$26,797, respectively. During the course of the fiscal year ended September 30, 2010, all of the Fund's lending activity belonged to one of two programs that are described in greater detail below.

Black Business Loans

During fiscal years 2010 and 2009, black business loans are funded with the proceeds of a grant with the Office of Tourism, Trade and Economic Development of the State of Florida (OTTED) for a Black Business Loan Program Grant (BBLPG). Prior to that, black business loans were granted out of the Fund's capital. The Fund bears direct risk of loss on these loans as the grant proceeds do not revert to OTTED. A majority of these loans are in the form of lines of credit. Hence, they are shown as current assets since there is continuous turnover. To qualify for loans under this program, the applicant must be majority black owned and managed.

Economic Gardening Business Loan Pilot Program

These loans provide funding for qualified small businesses that commit to creating jobs in the state of Florida. They are funded with the proceeds of a grant structured as a loan with OTTED. As described more fully in Note N, the Fund serves as an intermediary between OTTED and prospective borrowers in that the assistance from OTTED is in the form of a loan to the Fund. The Fund is responsible for locating borrowers, closing the loans and collecting principal and interest on behalf of OTTED. Provided borrowers meet the terms of the loan agreement with respect to job creation, interest on these loans is at 2% per annum. The Fund charges each borrower a 1% commitment fee, payable at closing. In addition, the Fund charges OTTED a .625% servicing fee, which, during the first year, was deducted from the OTTED funds, and which in subsequent years will be collected from payments made by the borrowers. The Fund does not bear risk of loss on these loans, as OTTED is repaid from the principal and interest collected from the borrowers. As such, there is no allowance for doubtful accounts on these loans.

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**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE F - NOTES RECEIVABLE (Continued)

Loan Maturity Schedule

Maturities of loans receivable are as follows:

Year Ending September 30,	Economic Gardening Business Loans	Black Business Loans	Total
2011	\$ 498,989	\$ 508,953	\$ 1,007,942
2012	1,614,581		1,614,581
2013	1,667,765	-	1,667,765
2014	1,173,027	-	1,173,027
2015	30,638	-	30,638
Total Loans Receivable	4,985,000	508,953	5,493,953
Less: Allowance for Doubtful Accounts	-	52,668	52,668
Net Accounts Receivable	<u>\$ 4,985,000</u>	<u>\$ 456,285</u>	<u>\$ 5,441,285</u>

NOTE G - CAPITAL LEASE OBLIGATION

The Fund leased a copier under a capital lease obligation. In April 2010, the existing lease was terminated and replaced with a new capital lease. The Fund recognized a loss of \$3,018 on the early termination which is reflected in the Statement of Activities for the year ended September 30, 2010. The economic substance of the new lease is that the Fund finances the acquisition of the copier. Accordingly, the Fund has capitalized the copier, which is included in furniture and equipment at a net book value of \$7,895 at September 30, 2010.

The following is a schedule by year of future minimum payments required under the capital lease agreements as of September 30, 2010:

Year ending September 30,	Payments
2011	\$ 2,532
2012	2,532
2013	2,532
2014	2,532
2015	1,266
Less: Interest	(2,910)
	<u>\$ 8,484</u>

Amortization of assets held under capital leases is included with depreciation expense.

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE H – RETIREMENT PLAN

The Fund maintains a 403B plan covering all its full time employees that have met years of service requirements. Employees may make contributions up to the maximum amount allowed by the Internal Revenue Code. The Fund provides a 3% match at the discretion of its board. Contributions were \$6,372 and \$4,860 for the fiscal years ended September 30, 2010 and 2009, respectively.

NOTE I – INVESTMENT CONTRIBUTIONS

At inception, the Fund obtained investment funds from financial institutions and corporate sponsors in the Central Florida area. The State of Florida Black Business Investment Board provided matching funds as stated in an investment agreement between the two funds.

	<u>2010</u>	<u>2009</u>
<u>Preferred Investment</u>		
Black Business Investment Board (Non-voting Preference in Liquidation)	\$ 1,380,833	\$ 1,380,833
<u>Class A Investment</u>		
Bank of America	445,000	445,000
SunTrust Bank, NA	210,000	210,000
Wachovia/First Union National Bank	190,000	190,000
The First, FA	50,000	50,000
<u>Class B Investment</u>		
SunTrust Bank, NA	22,500	22,500
SouthTrust Bank	20,000	20,000
Southern Commerce Bank	7,500	7,500
Urban Trust Bank	5,000	5,000
Cardinal Industries, Inc.	5,000	5,000
AmSouth Bank	5,000	5,000
TOTAL INVESTMENT	<u>\$ 2,340,833</u>	<u>\$ 2,340,833</u>

In the event of dissolution of the Fund, any remaining capital, after satisfaction of lawful debts, will be distributed to the members in proportion to the amount of their investment in the Fund.

NOTE J – COMPENSATED ABSENCES

Employees of the Fund are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. The Fund policy is that all leave must be used before the end of the fiscal year; therefore no liability was recorded at September 30, 2010 and 2009.

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE K – COMMITMENTS AND CONTINGENT LIABILITIES

Loan Guarantees

In the normal course of business, the Fund has outstanding various commitments and contingent liabilities, such as guarantees, commitments to extend credit, etc. which are not reflected as liabilities in the accompanying financial statements. During fiscal 2009, the Fund had an outstanding guarantee on behalf of a client amounting to \$200,000 which expired in June 2009. There were no outstanding loan guarantees at September 30, 2010.

Operating Leases

The Fund leases office space under an operating lease arrangement. Rental expense for operating lease commitments was \$48,576 and \$48,890 for the years ended September 30, 2010 and 2009, respectively.

Future minimum rental commitments required under operating leases having remaining non-cancelable lease terms in excess of one year as of September 30, 2010 is as follows:

Fiscal Year Ending September 30,		
	2011	\$ 43,354
	2012	3,622
		<u>\$ 46,976</u>

The current operating lease expires on October 31, 2011.

Servicing Fee Contingency

The Fund has a loan agreement with the State of Florida (Notes N and O). Under this agreement, the amount lent the Fund is loaned to qualified small businesses. The Fund services these loans and receives a servicing fee in this capacity. Due to ambiguity in the agreement with the State of Florida, the Fund withheld a servicing fee equal to .625% per month, not per year. The difference in the fee based upon ambiguity in interpretation in the agreement and the amount the Fund withheld amounts to approximately \$154,000. The Fund's management has represented to us that it is unlikely the State will require the Fund to return the additional fees as it recognizes that the Fund could not administer and market a new statewide loan program for less without undue hardship. Further, it is anticipated that going forward, the State will provide the Fund with an operational or administrative fee in lieu of an adjustment to the servicing fee. The financial statements do not reflect a provision for the contingent liability to the State of approximately \$154,000.

NOTE L – ECONOMIC DEPENDENCY

Historically, the Fund has received the majority of its support from contributions from the City of Orlando, Orange County, and services provided to the Orlando Orange County Expressway Authority. During the course of fiscal 2009, the Fund entered into two separate agreements with the State of Florida Office of Office of Tourism, Trade and Economic Development (Note N), which will provide substantial support for its activities going forward.

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE M – RELATED PARTY TRANSACTIONS

Related Party Loans

The Fund has entered into transactions with an affiliated entity that is under common control, the Black Business Capital Financing Corporation (BBCFC), wherein the Fund has providing financing for a mixed use residential and commercial development project owned by BBCFC.

The aggregate amount of loans to BBCFC at September 30, 2010 and 2009 was \$2,123,259 and \$1,986,469, respectively. These loans had a related allowance of \$40,865 and \$33,364 at September 30, 2010 and 2009, respectively. During fiscal year 2010 and 2009, new loan disbursements made to BBCFC amounted to \$80,000 and \$61,000, respectively. Interest charged on the loans to BBCFC was at a rate of 5%. For the past several years, loans that have come due from BBCFC were rolled over into new loans due to the fact that the commercial development project was delayed. At September 30, 2009, all of the BBCFC loans, together with accrued interest since January 2009 were due. As such, accrued interest has not been recorded for financial statement purposes. The loans were consolidated and refinanced on February 10, 2010. The consolidated loan, including accrued unpaid interest and fees, amounted to \$2,043,259. An additional \$80,000 that had been committed in prior years was added to the balance subsequent to the refinancing for a grand total of \$2,123,259, net of a provision of \$40,865. Under the terms of the new agreement, payment of principal and interest under the new loan come due on February 10, 2011, subject to a renewal option for an additional twelve months. The consolidated loan continues to bear interest at 5%, which has not been recorded at September 30, 2010 due to uncertainty surrounding the completing of the project. The consolidated note is collateralized by the same assets as the original notes.

On October 16, 2008, BBCFC's wholly owned subsidiary, Carver Theatre Development, LLC, signed an agreement with the City of Orlando (the City), whereby the City would provide grant funds of up to \$17,500,000 to finance the construction of the commercial development project. The City's commitment has been extended through December 31, 2011. Construction is now expected to commence in the latter part of 2011 and it is anticipated that it will be ready for occupancy in the fall of 2012. As such, despite an earlier maturity date for the refinanced BBCFC consolidated notes, they have been reflected as a long term receivable in the statement of financial position.

Joint Employees

The Fund and BBCFC share the services of certain employees. These employees are all on the payroll of the Fund. These employees may have the ability to influence the Organization's operations for the benefit of the BBCFC.

Other

The fund is a cosigner on an obligation of BBCFC (see Note O) which is reflected as a liability. The Fund has recorded a related receivable for amounts due from BBCFC, should BBCFC not make good on the obligation. At September 30, 2010 and 2009, the amount recorded as a receivable from BBCFC, under this arrangement, amounted to \$540,898 and \$580,000, respectively.

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE M – RELATED PARTY TRANSACTIONS (Continued)

From time to time, the Fund pays bills on behalf of BBCFC, which reimburses the Fund for these expenditures. At September 30, 2010 and 2009, respectively, amounts due the Fund from BBCFC were \$9,799 and \$441.

NOTE N – STATE FINANCIAL ASSISTANCE

Grant

In September 2008, the Fund entered into an agreement with the Office of Tourism, Trade and Economic Development of the State of Florida (OTTED) for a Black Business Loan Program Grant (BBLPG). The grant agreement is provided for under Section 288.7102, Florida Statutes and requires the Fund to meet specific criteria under the Florida Black Business Investment Act, Florida Statutes Sections 288.7065 to 288.714. The primary purpose of the grant is to allow the Fund to lend or invest directly in qualified black businesses. Up to 10% of the grant's proceeds may be used for administrative expenditures and 7% for the provision of technical assistance.

The grant is subject to the Florida Single Audit Act, which requires non-State entities to have a State Single Audit or, if applicable, program specific audit, if total State expenditures equal or exceed \$500,000 during the fiscal year. Total funds disbursed to the Fund from OTTED under this agreement during the years ended September 30, 2010 and 2009, amounted to \$261,333 and \$591,133. Expenditures related to the grant consisted during the years ended September 30, 2010 and 2009, amounted to \$44,427 related to administration and technical assistance and \$343,054 committed to loans to qualified black business; and \$100,492 related to administration and technical assistance and \$325,000 committed to loans to qualified black business in 2010 and 2009, respectively, for a total of \$435,651 and \$425,492, respectively. At September 30, 2010 and 2009, there were, respectively, approximately \$509,000 and \$224,000 of notes receivable owed the Fund under this program.

Loan

On September 4, 2009, the Fund entered into an Economic Gardening Business Loan Pilot Program Agreement (EGBL agreement) with OTTED. This agreement is subject to Florida Statutes 288.1081, the purpose of which is to provide funding for qualified small businesses that commit to creating jobs in the State of Florida. Under the terms of the agreement, the Fund will provide loans to qualified small businesses service the loans and monitor compliance with the provisions of the agreement and Florida Statutes. The total amount of the agreement is \$8,500,000 with 50% to be provided initially and the remainder upon verification by OTTED that the Fund has successfully used the initial amount. The remaining \$4,250,000 was disbursed to the Fund in July 2010. The initial term of the agreement is four years. Collections of amounts lent, including interest at 2%, net of applicable fees due the Fund are to be remitted to OTTED over the term of the agreement. Accordingly, for purposes of financial statement presentation, this state financial assistance is reflected in the statement of financial position as a loan from OTTED (Note O).

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE N – STATE FINANCIAL ASSISTANCE (Continued)

The agreement is subject to the Florida Single Audit Act, which requires non-State entities to have a State Single Audit or, if applicable, program specific audit, if total State expenditures equal or exceed \$500,000 during the fiscal year. Loan proceeds are defined as expenditures for purposes of the Florida Single Audit Act. During the year ended September 30, 2009, there was no receipt of funds or expenditures under this agreement.

However, for the fiscal year ended September 30, 2010 this agreement is subject to state single audit as the entire \$8,500,000 of loan funds were disbursed to the Fund.

NOTE O – LONG TERM DEBT

At September 30, long term debt consists of the following:

	2010	2009
Note payable to State of Florida, Office of Tourism, Trade and Economic Development, initially due September 4, 2013, interest at 2% (see Notes F and N)	\$ 8,360,309	\$ -
Florida Community Loan Fund, Inc. (FCLF) - \$580,000 note payable, as amended, to lender, with interest only payments required at 5.5% through August 5, 2009.	520,706	580,000
Evangelical Lutheran Church in America, note payable, interest at 2%, due June 30, 2014	300,000	-
Total Long Term Debt	\$ 9,181,015	\$ 580,000

Note Payable Florida Community Loan Fund

Florida Community Loan Fund, Inc. (FCLF) - \$580,000 note payable, as amended, to lender, with interest only payments required at 5.5% through August 5, 2009. Under the extension, the note bore interest at 5.5% until it is due and payable. This note is offset by a corresponding note receivable from BBCFC, the primary borrower under the agreement. The note receivable is at the same terms as the note payable. During fiscal 2009, BBCFC paid the interest due on this note directly to FCLF in lieu of paying the Fund interest on the corresponding note receivable. The note is secured by real estate, owned by BBCFC, an affiliated entity.

In August 2009, the note was refinanced. Under the terms of the refinancing, \$58,000 of the note's principal became due and payable immediately. This amount was paid by BBCFC in October 2009.

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE O – LONG TERM DEBT (Continued)

The remaining principal balance of \$522,000 bears interest at 6%, effective October 1, 2009, and is subject to the following repayment terms: interest only shall accrue and be paid monthly through July 31, 2010. Thereafter, monthly payments of principal and interest amounting to \$3,740 are due and payable, with the remaining, unamortized principal due in a balloon payment on August 5, 2012.

Note Payable Evangelical Lutheran Church in America

In May 2010, the Fund entered into a loan agreement with the Evangelical Lutheran Church in America. The agreement is for four years, bears interest at 2%, and its purpose is to provide micro-loan financing to small businesses.

Current Maturities

Current maturities of long term debt at September 30, 2010 amounted to:

Year ending September 30,	Payments
2011	\$ 1,644,514
2012	2,631,110
2013	2,124,633
2014	2,424,845
2015	355,913
Thereafter	-
	\$ 9,181,015

NOTE P – SUBSEQUENT EVENTS

In accordance with generally accepted accounting principles, subsequent events are covered through May 31, 2011, the date the financial statements were available to be issued.

Federal Financial Assistance

In July 2010, the Fund executed a microloan agreement with the U.S. Small Business Administration (the SBA). However, there was no disbursement of funds by the SBA, or lending activity by the Fund, under this program until October 2010. The SBA agreement is in the form of a \$750,000 loan from the SBA to the Fund. The purpose of this loan is to provide microloans to qualified applicants under the Small Business Act. The loan is subject to a cash match of 15 percent of the amount disbursed by the SBA to the Fund. This cash match cannot be from other Federal funds or from borrowed funds. In November 2010, the Fund received \$262,500 from the SBA under this program.

The loan is repayable in ten years with a base interest rate of 2.375%, subject to various adjustments as follows. During the first year of the agreement, the interest rate is reduced to .375%. At the conclusion of the first year, based on a review of the performance of the Fund's loan portfolio under the agreement, in year two, interest may vary from a low of .375% to 1.125% for the next twelve months.

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

NOTE P – SUBSEQUENT EVENTS (Continued)

Subsequent performance reviews at the end of each twelve month period will lead to similar potential interest rate adjustments over the life of the loan. During the first year of the loan, there will be no payment of interest or principal. Any interest on the note during the first year will be divided into 108 equal monthly installments and added to calculated payments of principal and interest during this period, which, based on a rate of .375%, amounts to \$7,089. At the end of year ten, any remaining principal and interest due becomes payable in full. The Fund is required to establish a separate bank account for the funds received under this agreement, as well as a loan loss reserve account. The loan is collateralized by any un-lent funds in the separate bank account, the loan loss reserve fund, and a security interest in all microloans made under the program.

The above agreement represents Federal Financial Assistance and funds borrowed by the Fund under this agreement will be subject to the provisions of OMB A-133, including Single Audit provisions.

BBCFC Loan

In October 2010, the Fund lent an additional \$200,000 to the BBCFC to cover expenditures incurred in connection with the mixed use project.

OTTED Funding

In December 2010, the Fund received an addition \$250,000 under the BBLPG.

Termination of Office Lease

In January 2011, the Fund terminated its existing lease and entered into a new lease effective, April 1, 2011 with its existing landlord. Under the terms of the new lease, the Fund was granted two months of free rent. Beginning June 1, 2011, the Fund will pay monthly rent of \$5,036, with adjustments beginning in March 2012. Over the term of the lease which runs for six years, minimum base rent will be \$380,822.

Furniture Loan

On April 25, 2011, the Fund executed an agreement with a bank to borrow \$100,000, the proceeds of which were to acquire office furniture. The note bears interest at 4.8%, is collateralized by the Fund's business assets, and is repayable in monthly installments of principal and interest of \$2,992, beginning on May 25, 2011.

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2010**

<u>Grantor / Program Title</u>	<u>State CSFA Number</u>	<u>State Expenditures</u>
<u>State of Florida:</u>		
<u>Executive Office of the Governor – Office of Tourism, Trade and Economic Development:</u>		
Florida Black Business Assistance/ Black Business Investment Board	31.001	\$ 387,481
<u>Executive Office of the Governor – Office of Tourism, Trade and Economic Development:</u>		
Economic Gardening Business Loan Pilot Program	31.058	8,500,000
Total State		<u>\$ 8,887,481</u>

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Black Business Investment Fund of Central Florida, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Florida Single Audit Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. The amount expended under the Economic Gardening Business Loan Pilot Program represents the loan proceeds disbursed to Black Business Investment Fund of Central Florida, Inc. by the Office of Tourism, Trade and Economic Development during the year ended September 30, 2010.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Directors
Black Business Investment Fund of Central Florida, Inc.
Orlando, Florida

We have audited the financial statements of Black Business Investment Fund of Central Florida, Inc. (a not-for-profit organization) as of and for the year ended September 30, 2010, and have issued our report thereon dated May 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Black Business Investment Fund of Central Florida, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Black Business Investment Fund of Central Florida, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Fund's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

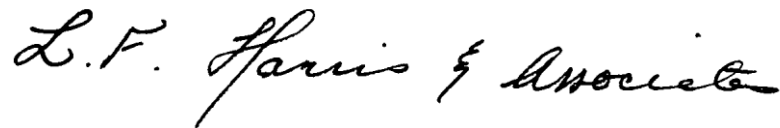
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Black Business Investment Fund of Central Florida, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants; non-compliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Black Business Investment Fund of Central Florida, Inc. in a separate letter dated May 31, 2011.

This report is intended solely for the information and use of the audit committee, management, board of directors, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "L.F. Harris & Associates". The signature is written in black ink and is centered on the page.

L F. Harris & Associates, CPA, P.A.
Orlando, Florida
May 31, 2011



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER
COMPLIANCE APPLICABLE TO EACH STATE
FINANCIAL ASSISTANCE PROJECT IN ACCORDANCE
WITH CHAPTER 10.650 RULES OF THE AUDITOR GENERAL**

The Board of Directors
Black Business Investment Fund of Central Florida, Inc.
Orlando, Florida

Compliance

We have audited the compliance of Black Business Investment Fund of Central Florida, Inc. (a not-for-profit organization) with the types of compliance requirements described in the requirements described in the Department of Financial Services' State Projects Compliance Supplement, that are applicable to each of its major state projects for the year ended September 30, 2010. Black Business Investment Fund of Central Florida, Inc.'s major state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of Black Business Investment Fund of Central Florida, Inc.'s management. Our responsibility is to express an opinion on Black Business Investment Fund of Central Florida, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a state financial assistance project occurred. An audit includes examining, on a test basis, evidence about Black Business Investment Fund of Central Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Black Business Investment Fund of Central Florida, Inc.'s compliance with those requirements.

In our opinion, Black Business Investment Fund of Central Florida, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major state financial assistance projects for the year ended September 30, 2010. However, the results of our auditing procedures disclosed an instance of potential non-compliance with those requirements which is required to be reported in accordance with Chapter 10.650 and which is described in the accompanying schedule of findings and questioned costs as item 10-01.

Internal Control Over Compliance

The management of Black Business Investment Fund of Central Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to state financial assistance projects. In planning and performing our audit, we considered the Fund's internal control over compliance with requirements that could have a direct and material effect on a major state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Black Business Investment Fund of Central Florida, Inc.'s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a state financial assistance project on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control compliance with a type of compliance requirement of a state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 10-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a state financial assistance project will not be prevented or detected by the entity's internal control. We do not believe that the significant deficiency described in the preceding paragraph is a material weakness.

Black Business Investment Fund of Central Florida, Inc. response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Black Business Investment Fund of Central Florida, Inc. response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the audit committee, management, and board of directors, others within the entity, and state awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

L.F. Harris & Associates

L.F. Harris & Associates, CPA, P.A.
Orlando, Florida
May 31, 2011

PART I - SUMMARY OF AUDITORS' RESULTS

1. The Independent Auditors' Report expresses an unqualified opinion on the financial statements of Black Business Investment Fund of Central Florida, Inc.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements and are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. One instance of potential non-compliance material to the financial statements of Black Business Investment Fund of Central Florida, Inc. was disclosed during the audit and is included in the Schedule of Findings and Questioned Costs.
4. One significant deficiency was identified during the audit of the major state financial assistance projects. This significant deficiency was not deemed a material weakness.
5. The Independent Auditors' Report on compliance for each major state financial assistance project for Black Business Investment Fund of Central Florida, Inc. expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with state statute are reported in this Schedule as Items 10-1.
7. The programs tested as major programs include the following: CSFA 31.001, Florida Black Business Assistance/Florida Black Business Investment Board, Inc., and CSFA 31.058, Economic Gardening Business Loan Pilot Program.
8. The threshold for distinguishing Types A and B major programs was \$300,000 for state programs.

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2010**

PART II - FINDINGS — FINANCIAL STATEMENTS

This section identifies the material weakness, significant deficiencies, and instances of non-compliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

Financial Statement Findings: – None were identified

PART III – FINDINGS and QUESTIONED COSTS — STATE FINANCIAL ASSISTANCE PROJECTS

Finding: - 10-01

State Project Information: - CSFA 31.058 Economic Gardening Business Loan Pilot Program (EGLPP)

Condition: - The Fund took a monthly fee of .625% of the outstanding loans approved for the EGLPP. This error seems to have resulted from ambiguity within the language of Section 2, second to last paragraph of the agreement with the State of Florida, Office of Tourism Trade and Economic Development (OTTED).

Cause: - The Fund rushed into signing its agreement with OTTED due to the state rushing to get the EGLPP rolled out and Fund's longstanding relationship with OTTED. When the Fund later read and realized the ambiguity in the agreement document, the Fund's staff immediately sought counsel with its CPA and board of directors and OTTED's EGLPP project manager and attorney. The Fund did attempt to clarify the language in the agreement subsequent to its execution and prior to billing and taking the fees out of OTTED's grant funds in its possession. However, no amendment to the agreement was obtained, only OTTED's written direction to proceed.

Effect: - As a result, the Fund billed and took approximately \$154,000 more than it should during the fiscal year ended September 30, 2010 for loan servicing fees.

Questioned Costs: - Approximately \$154,000

Recommendation: - More upfront care should be taken when interpreting requirements of State Financial Assistance Projects agreements prior to execution. The Fund attempted to clarify the ambiguity prior to billing fees for the contract; however, the Fund should have followed through immediately and got its contract modified or amended with OTTED.

Management's Response: - We are currently in discussions with the State (OTTED) and are confident that based on our prior discussions, our attempts to clarify this matter and due to the ambiguity in the language in the agreement, and the actual cost to start-up and roll out a new state-wide EGLP, we will not be required to repay the additional fees charged. We are confident that all of the funds cost to administrator this program statewide will be covered. Additionally the state has indicated its willingness to amend the agreement.

**BLACK BUSINESS INVESTMENT FUND
OF CENTRAL FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
STATE FINANCIAL ASSISTANCE PROJECTS
YEAR ENDED SEPTEMBER 30, 2010**

Corrective Action Plan: - We are continuing our negotiations with the state (OTTED); these negotiations have lead to the state (OTTED) agreeing to allow for the fees to be utilized in the coverage of the EGLP expenses to the fund to date.

We anticipate executing an amendment to the current agreement, which will ratify the fees, charged to the program as well as the insertion of language to accomodate the program costs. We expect to execute the amendment within the next sixty days.

PART IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN STATE FINANCIAL ASSISTANCE PROJECTS

Prior Year Audit Findings: -There were no prior year audit findings.



The Board of Directors
Black Business Investment Fund
of Central Florida, Inc.
Orlando, Florida

We have audited the financial statements of the Black Business Investment Fund of Central Florida, Inc. as of and for the fiscal year ended September 30, 2010 and have issued our report thereon dated May 31, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditors' Report on Compliance with Requirements Applicable to each Major State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated May 31, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements or State project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statements or State project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, that have occurred, or are likely to have occurred; (2) Deficiencies in internal control that are not significant deficiencies. In connection with our audit, the following matters are required to be disclosed:

The Fund did not properly account for transactions related to the Black Business Loan Program Recipient Agreement. This is due to the unique way in which expenditures are measured for purposes of releasing the grant funds from restrictions. This resulted in a few significant audit adjustments. These adjustments, however, were not indicative of a significant deficiency or material weakness in internal controls over financial reporting.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally in the United States of America require us to indicate that this letter is intended solely for the information and use of management, the Office of Tourism Trade and Economic Development and the Florida Auditor General and is not intended to be, and should not be, used by anyone other than these specified parties.

L.F. Harris & Associates, CPA,
Orlando, Florida 32803
May 31, 2011