SIT-IN MOVEMENT, INCORPORATED AND AFFILIATED ENTITIES

COMBINED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 2011

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

COMBINED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2011
WITH REPORT OF INDEPENDENT AUDITOR

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

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DECEMBER 31, 2011

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REPORT OF INDEPENDENT AUDITOR

The Board of Directors
Sit-In Movement, Incorporated and Affiliated Entities

I have audited the accompanying combined balance sheet as of December 31, 2011 of the organizations described in Note 1 (collectively the Movement), and the related combined statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Movement's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. I was not engaged to perform an audit of the Movement's internal control over financial reporting. My audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Movement's internal control over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the combined financial position at December 31, 2011, of the organizations described in Note 1, and the combined changes in their net assets and their cash flows for the year then ended in conformity with U. S. generally accepted accounting principles.

My audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining balance sheets, combining statements of activities, and combining statements of expenses by natural classification are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in my audit of the combined financial statements and, in my opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Oliver W. Bowie, CPA, PA

Oliver W. Bowie, CPA, PA
October 14, 2013

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

COMBINED BALANCE SHEET
DECEMBER 31, 2011

ASSETS

Cash and Cash Equivalents (Operating)	$ 141,819
Cash and Cash Equivalents (Restricted)	1,573,807
Unconditional Promises to Give (Net)	835,109
Receivables	23,340
Prepaid Expense and Other Assets	48,525
Fixed Assets (Net)	29,982,419
Intangible Assets (Net)	1,175,817
Total Assets	$ 33,780,836

LIABILITIES AND NET ASSETS

Accrued Expenses:	
Accounts Payable and Other Accrued Expenses	$ 64,956
Total Accrued Expenses	64,956
Other Liabilities	21,128
Debt	28,060,150
Total Liabilities	28,146,234
Net Assets:	
Unrestricted	
Available for Program and Supporting Activities	(177,673)
Net Investment in Fixed Assets	6,051,009
Total Unrestricted	5,873,336
Temporarily Restricted	(243,734)
Permanently Restricted	5,000
Total Net Assets	5,634,602
Total Liabilities and Net Assets	$ 33,780,836

The Accompanying Notes are an Integral Part of the Combined Financial Statements.

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support				
Support From the Public:				
Contributions	$ 601,769	$ -	$	$ 601,769
Special Events	149,200	-	-	149,200
Grant	30,000	-	-	30,000
Total Support From Public	780,969	-	-	780,969
Investment Income:				
Interest	244,053	-	-	244,053
Total Investment Income	244,053	-	-	244,053
Rental Income	29,935	-	-	29,935
Special Programming	7,594	-	-	7,594
Retail Sales	149,172	-	-	149,172
Museum Tours	393,342	-	-	393,342
Development Fee	50,000	-	-	50,000
Other Income	19,033	-	-	19,033
Total Revenue, Gains and Other Support	1,674,098	-		1,674,098
Net Asset Restriction Transfers Satisfaction of Activity Restrictions:	1,944,094	(1,944,094)	-	-0-
Total Net Asset Restriction Transfers	1,944,094	(1,944,094)	-	-0-
Expenses:				
Program Services:				
Museum Content Programing	1,944,094	-	-	1,944,094
Total Program Services	1,944,094	-	-	1,944,094

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Supporting Services:				
Administration	1,131,745	-	-	1,131,745
Fundraising	143,341	-	-	143,341
Total Supporting Services	1,275,086	-	-	1,275,086
Total Program and Supporting Services Expenses	3,219,180	-	-	3,219,180
Change in Net Assets	399,012	(1,944,094)	-	(1,545,082)
Net Assets, Beginning of Year	5,474,324	1,700,360	5,000	7,179,684
Net Assets, End of Year	$ 5,873,336	$ (243,734)	$ 5,000	$ 5,634,602

The Accompanying Notes are an Integral Part of the Combined Financial Statements.

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

	PROGRAM SERVICES	SUPPORTING SERVICES		TOTAL
	Museum Content Programing	Administration	Fundraising	
Salaries	$ 520,502	$ 122,018	$ -	$ 642,520
Payroll Taxes	43,770	10,920	-	54,690
Employee Benefits	49,799	6,726	-	56,525
Professional Fees	51,743	9,982	-	61,725
Supplies	-	34,981	-	34,981
Telephone	-	16,508	-	16,508
Postage and Shipping	-	197	-	197
Cost of Goods Sold	81,520	-	-	81,520
Occupancy	210,261	16,968	-	227,229
Printing and Publications	1,049	1,675	-	2,724
Travel	-	12,764	-	12,764
Program Expense	7,838	3,451	-	11,289
Interest	-	326,002	-	326,002
Other Fundraising Project Expenses	-	-	112,912	112,912
Marketing and Advertising	-	8,292	30,429	38,721
Technology	-	39,242	-	39,242
Office Expense	-	13,018	-	13,018
Miscellaneous	-	13,767	-	13,767
Rent	-	2,646	-	2,646
Depreciation	952,007	91,086	-	1,043,093
Amortization	-	56,299	-	56,299
Security	-	42,896	-	42,896
Taxes and Licenses	-	32,051	-	32,051
Insurance	-	35,256	-	35,256
Asset Management Fee	-	235,000	-	235,000
Museum Support	25,605	-	-	25,605
	$ 1,944,094	$ 1,131,745	$ 143,341	$ 3,219,180

The Accompanying Notes are an Integral Part of the Combined Financial Statements.

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

Cash Flows From Operating Activities:	
Change in Net Assets	$ (1,545,082)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used) in Operating Activities:	
Depreciation	1,043,093
Amortization	56,299
Changes in Assets and Liabilities	
Unconditional Promises to Give (Net)	1,112,731
Receivables	9,185
Prepaid Expense and Other Assets	11,178
Accrued Expenses	(1,028,908)
Other Liabilities	(43,653)
	(385,157)
Cash Flows From Investing Activities:	
Payments for Improvements, Property and Equipment	(24,359)
Payments for Intangible Assets	-
Net Cash (Used in) Provided by Investing Activities	(24,359)
Cash Flows from Financing Activities:	
Payments on Debt	(762,000)
Loan Proceeds	2,578,251
Net Cash Provided by (Used in) Financing Activities	1,816,251
Net Change in Cash and Cash Equivalents	1,406,735
Cash and Cash Equivalents, Beginning of Year	308,891
Cash and Cash Equivalents, End of Year	$ 1,715,626

Supplemental Cash Flow Information

Cash Paid for Interest $ 326,002

The Accompanying Notes are an Integral Part of the Combined Financial Statements.

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1: ORGANIZATION:

The primary purpose of Sit-In Movement, Incorporated (the "Movement") is to rehabilitate and restore a Historic landmark and to create and support an International Civil Rights Center and Museum. Also, to provide on a non-profit basis office and /or retail space for prospective tenants.

In order to facilitate the development of the Museum the Movement formed several entities to accomplish the objective. The entities formed were: Civil Rights Museum, LLC, ICRCM, LLC, Museum Tenant, LLC, and Museum Landlord, LLC.

The combined financial statements include financial information of Civil Rights Museum, LLC (Museum), ICRCM, LLC (ICRCM) Museum Tenant, LLC (Tenant), and Museum Landlord, LLC (Landlord), collectively referred to herein as "the Project". The Project was formed under the laws of the State of North Carolina on June 2, 2009 to rehabilitate and operate a museum and commercial office space located in downtown Greensboro, North Carolina. The Project is generating federal and state historic tax credits and new markets tax credits pursuant to Sections 45D, 47 and 50 of the Internal Revenue Code ("the IRC"). The Project's property was partially placed in service on December 29, 2009 and the remainder was placed in service in February 2010.

Pursuant to the Amended and Restated Landlord and Tenant Operating Agreements (the "Agreements"), the ownership percentages of the Project as of December 31, 2011 were as follows:

<u>Landlord</u>

Managing Member - ICRCM, LLC	80.00%
Master Tenant - Museum Tenant, LLC	10.00%
CDE Investor Member - Stonehenge Community Development XII, LLC	10.00%
	100.00%

<u>Tenant</u>

Managing Member - ICRCM, LLC	0.01%
Investor Member - Community Historic Credit Fund VII, LLC	99.99%
	100.00%

Landlord remains in effect perpetually and Tenant remains in effect until August 18, 2044, unless sooner terminated as provided for in the Agreements.

NOTE 1: ORGANIZATION (CONCLUDED):

<u>Purpose of Museum</u>

The Museum operates the Civil Rights Museum which provides tours of the Museum and operates a gift shop.

<u>Purpose of ICRCM</u>

ICRCM is the managing member of the LLC entities.

<u>Purpose of Tenant and Landlord Structure</u>

Landlord owns the property and the improvements and is the borrower on the debt. Beginning in 2010, Landlord leases the property to Tenant under a Master Lease Agreement ("the Lease"), as further described in Note 12. Tenant in turn rents the property to a sub-tenant. The Tenant is responsible for making monthly payments to landlord under the terms of the Lease as well as all operating expenses incurred in connection with operating the property. Tenant does not own the property or the rental improvements nor is it responsible for any payments under the loan agreements. The purpose of the Lease structure is to permit the allocation of Historic tax credits to the owners of Tenant under the provisions of Section 50(d) of the IRC as described more fully in Note 16.

<u>Purpose of Combined Financial Statements</u>

The financial statements of the Project have been combined in order to provide a complete presentation of the operations of the Project. All inter-company transactions have been eliminated. Because the Lease payments were structured in order to provide funds necessary to cover the Landlord's debt obligations, combined financial statements are considered necessary due to the nature of the relationship between the entities.

The Sit-In Movement, Incorporated, has received tax exemption from the Federal Government under Section 501 (c)(3) of the Internal Revenue Code by exemption letter dated June 1, 1994.

The other entities are for-Profit and are subject to federal and state income taxation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the Project's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

New Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU") 2010-06, *Fair Value Measurements and* Disclosures ("Topic 820")- Improving Disclosures about Fair Value Measurements. This ASU requires new disclosures and clarifies certain existing disclosure requirements about fair value measurements. ASU 2010-06 requires a reporting entity to disclose significant transfers in and out of Level 1, Level 2, and Level 3 fair value measurements, to describe the reasons for the transfers and to present separately information about purchases, sales, issuances and settlements for fair value measurements using significant unobservable inputs. ASU 2010-06 is effective for the year ended December 31, 2011, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements, which is effective for the year ended December 31, 2012. The Movement has adopted ASU 2010-06 for the year ended December 31, 2011.

In May 2011, FASB issued ASU 2011-04, *Fair Value Measurement* (Topic 820): *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements* in United States GAAP and IFRS's. This ASU changes the wording used to describe many of the requirements in United States GAAP for measuring fair value and for disclosing information about fair value measurements. FASB does not intend for this ASU to change the application of the requirements in Topic 820. ASU 2011-04 is effective for the year ended December 31, 2013. The Movement is currently evaluating the effect that the adoption of ASU 2011-04 will have on its combined financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") 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.

Investment in Real Estate

Land, building, improvements, furnishings, artifacts and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of the depreciable assets to operations over the estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

Estimated service lives are as follows:

Assets	Method	Useful Lives
Building & Improvements	Straight-Line	40 Years
Land Improvements	Straight-Line	20 Years
Furnishings	Straight-Line	10 Years

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Impairment

The Project reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flows expected to be generated by the rental property including the tax credits and any estimated proceeds from the eventual disposition of the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. No impairment losses were recognized during the year ended December 31, 2011.

Cash and Cash Equivalents

The Project considers all highly liquid investments with an original maturity of three (3) months or less, when purchased, to be cash equivalents.

The Project maintains its cash balance in several banks. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per depositor by each bank. The Project has not experienced any losses in connection with its cash deposits and management believes the risk of loss is negligible.

Tenant Receivables and Bad Debts

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write off method is not materially different from the results that would have been obtained under the allowance method. There were no write offs during the year ended December 31, 2011.

Intangible Assets

Intangible assets consist of legal fees and closing costs, which are being amortized over fifteen (15) years, and permanent loan fees which are being amortized over thirty-five (35) years, using the straight-line method.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Rental Income

Rental income is recognized as rent is receivable or as rent becomes due. The Lease transactions are eliminated in combination. The Sublease is classified as an operating lease.

Income Taxes

No income tax provision or benefit has been included in these financial statements since taxable income or loss passes through to, and is reportable by, the owners individually.

Unconditional Promises to Give

Promises to give that are expected to be collected within one (1) year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. Promises to give recorded in fiscal year 2011 have been discounted using a rate of 1.00%, which is commensurate with the risks involved with the ultimate collection of the promises to give. The discount is amortized using an effective yield over the expected life of promises to give and is reflected as contribution revenue.

The rate approximates the rate of return on United States government securities at the origination of the promise.

Fair Value of Financial Instruments

The Project's financial instruments consist of cash and cash equivalents, accounts payable and accrued expenses, and debt.

Receivables are recorded at their net realizable value, which approximates fair value. All other financial instruments are stated at cost, which approximates fair value.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED):

Contributed Services

A substantial number of volunteers have made significant contributions of their time to the Project's program and supporting services. The value of this contributed time is not reflected in the combined financial statements since it does not require a specialized skill. However, certain other contributed services that require specialized skills, were provided by individuals possessing those skills, and would otherwise need to be purchased if not provided by donation. These services are recognized as revenue and expense.

Accounting for Contributions

Contributions are recognized when an unconditional promise to give is made or when cash is received, if an unconditional promise does not exist. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increase those net asset classes. Unconditional promises to give without a stipulated due date and for which the Project has met all conditions precedent to receipt of the contribution prior to the Project's fiscal year-end are classified as unrestricted net assets.

A donor restriction is satisfied when a stipulated time restriction expires or when a purpose restriction is accomplished. Upon satisfaction, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the combined statement of activities as net assets released from restrictions. Temporarily restricted contributions received in the same year in which the restrictions are met are recorded as an increase to temporarily restricted support at the time of receipt and as net assets released from restrictions.

The principal and any donor restricted income from permanently restricted gifts are classified as permanently restricted net assets. Income on those assets, not permanently restricted by the donor, is classified as temporarily restricted (if restricted by the donor or by relevant law) or unrestricted revenue.

Contributed merchandise and other in-kind contributions, including merchandise remaining in inventory at year-end, are reflected as contributions at their estimated fair values when received or when an unconditional promise to give has been made. The Project does not imply time restrictions on contributions of long-lived assets (or of other assets restricted to the purchase of long-lived assets) received without donor stipulations about how long the contributed assets must be used. As a result, contributions of cash and other assets restricted to the acquisition of long-lived assets are reported as temporarily restricted revenue that increases temporarily restricted net assets; those restrictions expire when the long-lived assets are placed in service.

NOTE 3: FAIR VALUE MEASUREMENT:

FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures, ("ASC 820") provides the framework for measuring and reporting fair value. The fair value framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three (3) levels of the fair value hierarchy are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Project has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in inactive markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies from December 31, 2010.

Securities listed on national and international exchanges are principally valued at the regular trading session closing price on the exchange or market in which such securities are principally traded on the last business day of each period presented using the market approach.

NOTE 3: FAIR VALUE MEASUREMENT (CONCLUDED):

The valuation methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Project believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Project values its financial instruments as Level 1 inputs.

NOTE 4: RESERVES AND RESTRICTED BALANCES:

Operating Reserve

The Landlord is required to establish an operating reserve account. The operating reserve account is to be funded in the amount of $1,000,000 from the CDE Investor Member's capital contribution on or before one (1) month of achieving the Completion Date as defined. The operating reserve is to be used to fund the Managing Member Priority Distribution (see Note 8) and other Landlord expenses with prior consent of the CDE Investor Member.

As of December 31, 2011, the operating reserve balance was $540,202.

Insurance Reserve

In connection with the SCD Loan (see Note 11), the Landlord is required to establish an insurance premium reserve account in the amount of $42,000 to pay the premiums due on the umbrella liability policy. Withdrawals from the insurance reserve are limited to a maximum of $6,000 per annum. The insurance reserve has been funded and maintained by Sit-In Movement, Incorporated ("the Developer").

Working Capital and Contingency Reserves

Pursuant to the Landlord Agreement, the Landlord shall establish, fund, and maintain working capital and contingency reserves at the Managing Member's discretion with prior consent of the CDE Investor Member. As of December 31, 2011 the Project has not funded the working capital or contingency reserves.

Preferred Return Reserve

Pursuant to the Tenant Agreement, a preferred return reserve in the amount of $619,669 is required to be established to fund the priority return to the Investor Member (see Note 8). Of this amount, the Tenant is required to establish the first $100,000 of the reserve and the Developer is required to establish the remainder of the reserve. As of December 31, 2010, the priority return reserve balance was $ 101,055 which was distributed to the Investor Member during the year ended December 31, 2011. As of December 31, 2011, the remaining priority return reserve was maintained and held by the Developer.

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 5: UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give at December 31, 2011 are as follows:

Receivable in Less Than one (1) Year	$	758,583
Receivable in one (1) to Five (5) Years		17,875
Total Unconditional Promises to Give		776,458
Less Discounts to Net Present Value		3,867
Less Allowance for Uncollectible Promises		-
Net Unconditional Promises to Give December 31, 2011	$	772,591

NOTE 6: FIXED ASSETS:

Fixed assets as of December 31, 2011 are as follows:

Land	$	790,000
Building and Improvements		24,079,899
Furniture, Fixtures, Equipment, and Other Capitalized Assets		7,348,988
Less: Accumulated Depreciation		(2,236,468)
Net Fixed Assets	$	29,982,419

Depreciation expense for the year ended December 31, 2011 was approximately $1,043,093.

NOTE 7: INTANGIBLE ASSETS:

As of December 31, 2011, intangible assets consisted of the following:

Permanent Loan Fees	$	760,000
Legal Fees		481,967
Closing Costs		21,797
Copyrights		20,000
Accumulated Amortization		(107,947)
	$	1,175,817

Amortization expense for the year ended December 31, 2011 was approximately $56,299.

NOTE 8: RELATED ENITY TRANSACTIONS:

The Landlord has the following transactions with related entities:

DESCRIPTION	RELATED ENTITY	AMOUNT
Development Fee	Developer	Pursuant to the Development Services Agreement, the Project is to pay a Development fee in the amount of $4,500,000. The entire amount has been capitalized as part of the building. As of December 31, 2010, $4,450,000 of the total fee has been paid in full. The remaining $50,000 deferred liability was assumed by the Managing Member and treated as a capital contribution in the statement of changes for the year ended December 31, 2010.
The Lease	Tenant	See Note 12.
Due to Tenant	Tenant	As of December 31, 2011, the Landlord owes $851 to the Tenant for advances the Tenant made on its behalf. This transaction is eliminated in combination.
Shortfall Loan	Managing Member	The Managing Member may be required to fund any operating deficits of the Project in the form of a non-interest bearing Shortfall Loan. Any Shortfall Loan balances shall not bear interest and be repaid in accordance with cash flow priority as outlined in Note 13. As of December 31, 2011 there were no outstanding Shortfall Loans from the Managing Member.
Loan Guarantee Fee	Developer	The Project has paid the Developer a loan guarantee fee in the amount of $1,160,000 as compensation for the contingent liabilities assumed by the Developer with respect to the repayment of the loans. As shown in Note 7 as permanent loan fees, $760,000 of the amount is included in the financial statements in intangible assets as of December 31, 2011. The remaining $400,000 guaranteed the completion of construction and was capitalized as part of building.
Priority Distribution	Managing Member	Beginning in 2010, the Landlord owes the Managing Member an annual priority distribution in the amount of $135,000 throughout the New Markets Tax Credits Compliance Period as defined in the Landlord Agreement. The amount is payable from the operating reserve (see Note 4), and out of available cash flow (see Note 13). For the year ended December 31, 2011 priority distribution was not paid. As of December 31, 2011 the unpaid priority distribution was $135,000. Priority return payments are not recorded until paid.

NOTE 8: RELATED ENTITY TRANSACTIONS (CONTINUED):

The Landlord has the following transactions with related entities (Concluded):

DESCRIPTION	RELATED ENTITY	AMOUNT
Due to /from Related Parties	Affiliates	As of December 31, 2011 the Landlord is owed funds from Sit-In Movement, LLC of $53,096. As of December 31, 2011, the Landlord is owed funds from Civil Rights Museum of $63,550. As of December 31, 2011, the Landlord is owed funds from Civil Rights Museum, LLC of $134,000.

The Tenant has the following transactions with related entities:

DESCRIPTION	RELATED ENTITY	AMOUNT
Master Lease Agreement	Landlord	See Note 12.
Sublease Agreement	Civil Rights Museum, LLC	See Note 12.
Due from Landlord	Landlord	As of December 31, 2011, the Landlord owes $851 to the Tenant for advances the Tenant made on its behalf. This inter-company balance is eliminated in combination.
Loan Receivable	Developer	The Tenant has a loan receivable from the Developer. The proceeds of the loan are to be used to fund the priority return reserve and expense reserves (see Note 4). The loan accrues interest at a rate of 1%, and matures in February 2042. As of December 31, 2011, the outstanding loan receivable balance was $3,149,902. As of December 31, 2011, the Tenant has an interest receivable balance in the amount of $22,270 due from the Developer in connection with the loan outstanding as of December 31, 2011. This amount is eliminated in the combined financial statements.
Asset Management Fee	Investor Member	The Tenant is required to pay to the Investor Member an annual asset management fee equal to $5,000 for asset management services. The fee is cumulative, pro-rated for any partial years and accrues if unpaid. As of December 31, 2011, the incurred asset management fee was $5,000.
Operating Deficit Loans	Managing Member	If at any time during the Compliance Period, as defined in the Tenant Agreement, an operating deficit exists, the Managing Member shall contribute funds to the Project

NOTE 8: RELATED ENTITY TRANSACTIONS (CONTINUED):

The Tenant has the following transactions with related entities (Concluded):

DESCRIPTION	RELATED ENTITY	AMOUNT
Operating Deficit Loans	Managing Member	as Operating Deficit Loans up to the aggregate amount of the shortfall. Operating Deficit Loans shall not bear interest. As of December 31, 2011, there were no Operating Deficit Loans outstanding.
Managing Member Loans	Managing Member	If the Project is unable to make any required debt service payments, rent payments or pay other material expenses, then the Managing Member shall make a loan to the Project sufficient to cover the shortfall. Such Managing Member Loans are interest bearing at Prime plus 200 basis points and payable out of available cash flow as described in Note 13. As of December 31, 2011, there were no Managing Member Loans outstanding.
Investor Member Loan	Investor Member	If the Managing Member fails to make a Managing Member Loan to the Project to cover unpaid required debt service payments or material Project expenses, the Investor Member may, at its sole discretion, make an Investor Member Loan. Such loans are interest bearing at Prime plus 200 basis points and payable out of available cash flow as described in Note 13. As of December 31, 2011 there were no Investor Member Loans outstanding.
Preferred Return	Investor Member	The Tenant owes the Investor Member a preferred return in the amount of 2.5% of its paid capital contribution related to the historic tax credits. The amount accrues and is payable out of available cash flow. For the year ended December 31, 2011, priority returns paid were \$113,551. As of December 31, 2011, the unpaid Preferred Return owed to the Investor was \$101,574. Priority return payments are not recorded until paid.
Tax Liability Reimbursement	Investor Member	The Tenant is required to pay the Investor Member a tax liability reimbursement in the event the entity generates taxable income. The amount is calculated as 35% of the Investor Member's allocated net income. As of December 31, 2011 no tax liability reimbursement is owed to the Investor Member.

NOTE 8: RELATED ENTITY TRANSACTIONS (CONTINUED):

SIM, Incorporated, has the following transactions with related entities:

DESCRIPTION	RELATED ENTITY	AMOUNT
Development Fee	Museum Landlord, LLC	Pursuant to the Development Services Agreement, SIM, Incorporated, received $4,500,000 as a Development fee for the development of the Historic Tax Credit Project. The amount is included in revenues in the financial statements.
Loan Guarantee Fee	Museum Landlord, LLC	SIM, Incorporated, received a loan guarantee fee in the amount of $1,160,000 as compensation for the contingent liabilities that it has assumed with respect to the repayment of the loans associated with the Historic Tax Credit Project. The amount is included in revenues in the financial statements.
Notes Payable	Museum Tenant, LLC	See Note 11.
Investment in LLC	ICRCM, LLC	See Note 9.
Lease Agreement	Civil Rights Museum, LLC	See Note 12.

NOTE 8: RELATED ENTITY TRANSACTIONS (CONTINUED):

Civil Rights Museum has the following transactions with related entities:

DESCRIPTION	RELATED ENTITY	AMOUNT
Ownership	Sit-In Movement, Incorporated	Civil Rights Museum was formed as a wholly owned subsidiary of Sit-In Movement, Incorporated. Civil Rights Museum conducts the operations, collects earned revenues and pays expenses for the Museum.
The Lease	Sit-In Movement, Incorporated	Sit-In Movement, Incorporated paid $211,000 to the Civil Rights Museum for scheduled rents during the 2011 operating year.. This rent income to Civil Rights Museum will be eliminated in combination. See Note 12 for the schedule of annual rent income.
Sublease Agreement	Tenant	As of December 31, 2011, Civil Rights Museum LLC, had a delinquent balance of $13,667 in Accounts Payables that was due to the Tenant for rent. Civil Rights Museum LLC incurred $225,000 of rent Expense that was due to the Tenant as of December 31, 2011. This rent expense transaction will be eliminated on the combined financial statements. See Note 12 for the schedule of rent payments that are due each year to the Museum Tenant.
Due to Sit-In Movement, Incorporated	Sit-In Movement, Incorporated	As of December 31, 2011, Civil Rights Museum LLC, had a balance due to Sit-In in the amount of $836,922. The inter-company will be eliminated in combination.
Due to Landlord	Landlord, LLC	As of December 31, 2011, Civil Rights Museum LLC, had a balance due to the Landlord in the amount of $63,550. The inter-company will be eliminated in combination.

NOTE 8: RELATED ENTITY TRANSACTIONS (CONCLUDED):

ICRCM has the following transactions with related entities:

DESCRIPTION	RELATED ENTITY	AMOUNT
Investment	Landlord	As of December 31, 2011 the Landlord allocated a loss of investment for the Managing Member in the amount of $1,205,942 for the year. The Managing Member also owed $63,550 to the Landlord for cost allocations. These inter-companies are to be eliminated in combination.
Investment	Tenant	As of December 31, 2011 the Tenant allocated a loss of investment for the Managing Member in the amount of $100 for the year. The Managing Member also owed $63,550 to the Landlord for cost allocations. These inter-companies are to be eliminated in combination.
Loan	Sit-In	As of December 31, 2011, Sit-In Movement, Incorporated had an outstanding loan receivable from ICRCM of $13,750. The inter-companies will be eliminated in combination.

NOTE 9: INVESTMENT IN LLC:

Sit-In Movement, Incorporated (SIM) invested $1,794,883 in a related entity, ICRCM, LLC, a North Carolina Limited Liability Company ("ICRCM"). In order to facilitate the project financing for the Civil Rights Museum, SIM has organized and been admitted as the sole member of ICRCM, LLC.

NOTE 10: NOTE RECEIVABLE:

Sit-In Movement, Incorporated, (SIM) ("Fund Lender") entered into a "Fund Loan Agreement" dated August 17, 2009 with USBCDE Investment Fund XXXVIII, LLC a Delaware Limited Liability Company ("Fund Borrower"). The purpose of the loan to the "Fund Borrower" was to facilitate the completion of the Civil Rights Museum.

Key provisions of the "Fund Loan Agreement" are as follows:

2.04. PREPAYEMENT FOR FUND LOAN: Fund Borrower may prepay the Note, in whole or in part, prior to the Maturity Date without Fund Lender's consent.

2.05. LOAN DISBURSEMENTS: Following the satisfaction of all of the conditions precedent set forth in Article 4 hereof, Fund Lender shall make one (1) or more Advances of the Fund Loan in the maximum aggregate amount of $19,886,200 to Fund Borrower, and Fund Borrower shall accept such Advances from Fund Lender.

ARTICLE 3. PAYMENTS

3.01. INTEREST: Provided no Event of Default has occurred under the Fund Loan Documents, from the date of the first (1st) Advance until the Maturity Date. Interest shall accrue on the outstanding principal balance at a fixed rate per annum equal to 1.206% (the Interest Rate). From and after the date of any Event of Default hereunder and from and after the Maturity Date, interest on all principal amounts outstanding under the Note shall accrue at the Default Rate. All interest payable hereunder shall be computed on the basis of a thirty (30) calendar day month and a three hundred sixty (360) calendar day year. Fund Lender is authorized to rely on the written loan requests, including facsimile, telecopy or telegraphic loan requests, which Fund Lender believes in its good faith judgment to emanate from a properly authorized representative of Fund Borrower, whether or not that is in fact the case.

3.02. REPAYMENT OF FUND LOAN: Fund Borrower hereby promises to pay to Fund Lender all unpaid principal, accrued and unpaid interest and any other amounts due hereunder or under the other Fund Loan Documents in accordance with the Note and the other Fund Loan Documents.

NOTE 10: NOTE RECEIVABLE (CONCLUDED):

3.03. PAYMENTS: With respect to the Fund Loan, (A) commencing on October 7, 2009 and continuing on the fifth (5^{th}) Business Day of each January, April, July, and October thereafter until the payment due on January 8, 2019, Fund Borrower shall pay to Fund Lender consecutive quarterly installments of accrued interest only, in arrears, calculated upon the daily outstanding principal balance hereof during the preceding calendar quarter (January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31, as applicable, of each calendar year), except that the initial payment of accrued interest only shall be calculated upon the daily outstanding principal balance from and including the date hereof through and including September 30, 2009. (B) commencing on April 5, 2019 and continuing on the fifth (5^{th}) Business Day of each July, October, January and April thereafter until the Maturity Date. Fund Borrower shall pay to Fund Lender consecutive quarterly payments consisting of (i) accrued interest on the daily outstanding principal balance hereof during the preceding calendar quarter calculated at the interest rate payable hereunder, <u>plus</u> (ii) principal in an amount equal to all of Fund Borrower's Income (as defined in the Fund Agreement) for such preceding calendar quarter less the amount of (1) Fund Borrower's Operating Expenses (as defined in the Fund Agreement) for such preceding calendar quarter, but excluding any Operating Expenses related to the Fund Loan (including any payments of interest and principal thereunder) and (2) the then due quarterly payments of interest of $59,957 under the Fund Loan, and (C) Fund Borrower shall pay to Fund Lender a final payment of all outstanding principal, accrued interest and any and all unpaid fees and other charges owed pursuant to the Fund Loan Documents on the Maturity Date. Notwithstanding anything to the contrary in this Agreement, Fund Lender hereby agrees to accept an assignment of a note or notes in connection with an Approved Loan (as defined in the Fund Agreement) in an aggregate amount not less than the outstanding principal amount of the Fund Loan in full satisfaction of Fund Borrower's unpaid obligations under the Fund Loan.

The note balance at December 31, 2011 is $ 19,886,200.

NOTE 11: DEBT:

Debt as of December 31, 2011 is as follows:

<u>Loan 1</u>

Sit-In Movement, Incorporated, entered into a note agreement with Carolina Bank on July 28, 2009. The note payable as of December 31, 2011 represents a loan of $4,000,000. The balance due at December 31, 2011 is $ 1,550,000. The short-term (due within one (1) year) portion of the loan is $1,000,000. Interest is being charged at the announced prime lending rate of Carolina Bank (+.75%), with a floor of 5.25% on the Prime Rate.

Beginning September 15, 2009 there will be forty-one (41) interest payments due monthly on the 15^{th} day of each month; periodic principal paydowns are required so that $1,000,000 is paid annually by February 15, 2010, February 15, 2011 and February 15, 2012; on the maturity date of February 15, 2013 one (1) payment of all outstanding principal plus accrued interest will be due and payable.

NOTE 11: DEBT (CONTINUED):

Loan 1 (Concluded)

The loan is secured by a first (1st) lien on the accounts receivable, notes receivable and unconditional promises to give of Sit-In Movement, Incorporated, d/b/a International Civil Rights Center and Museum.

Loan 2

Sit-In Movement, Incorporated, ("Borrower") entered into a note agreement with Museum Tenant, LLC a North Carolina Limited Liability Company ("Lender") on August 17, 2009. The note payable as of December 31, 2011 represents a single line of credit loan of $2,276,751. The balance due at December 31, 2011 is $3,149,902 (due January 2, 2030). Interest is being charged at a fixed rate of one percent (1%) per annum. Interest only is to be paid on October 1, 2009 and continuing on the first business day of each January, April, July and October thereafter until the payment due on January 2, 2030. Commencing on April 1, 2030 and continuing on the first (1st) business day of each July, October, January and April thereafter until and including the Maturity Date, Borrower shall pay Lender consecutive quarterly payments consisting of one (i) principal in the amount of $50,394, plus (ii) accrued interest on the outstanding principal balance.

The line is secured by funds deposited to Branch Banking and Trust Company.

SUMMARY OF DEBT FOR LOANS 1 AND 2

	2011 Current Amount	2011 Long-Term Amount	2011 Total
Loan # 1	$ 1,000,000	$ 550,000	$ 1,550,000
Loan # 2	-	3,149,902	3,149,902
	$ 1,000,000	$ 3,699,902	$ 4,699,902

Approximate annual payments as of December 31, 2011 excluding interest, are payable as follows:

Fiscal Year	
2012	$ 1,000,000
2013	550,000
Thereafter	3,149,902
	$ 4,699,902

NOTE 11: DEBT (CONCLUDED):

Related Entity Debt

The landlord's debt at December 31, 2011 consisted of the following:

\$18,971,651 loan with Stonehenge Community Development XII, LLC (the "SCD Loan"). Interest accrues daily on the unpaid balance at the fixed rate of 1% per annum. Accrued interest payments are paid quarterly. All principal and unpaid interest shall be fully due and payable on August 18, 2044. The Loan is guaranteed by the Developer.	\$ 18,971,651
\$4,950,000 loan with U. S. Bank ("US Bank Loan"). All principal and unpaid interest shall be fully due and payable on August 17, 2044. The Project is also required to pay all premiums on the insurance as they come due. Accrued interest as of December 31, 2011 was \$0. The loan is guaranteed by the Developer.	4,950,000
The Project is not required to make any principal payments on either loan until 2019.	
Total Related Entity Debt	\$ 23,921,651

The fair value of the Debt is estimated based on the current rates offered to Sit-In Movement and Landlord for Debt of the same remaining maturities. At December 31, 2011 the fair value of the Debt approximates the amount in the financial statements.

NOTE 12: LEASE AGREEMENTS AND SUBLEASE AGREEMENT:

A. On August 17, 2009, the Civil Rights Museum, LLC and SIM, Incorporated, entered into a Lease Agreement. Under terms of the Lease, the SIM, Incorporated, pays monthly base rent payments and supplemental rent payments, as defined, commencing in 2011 through December 2017 in exchange for exclusive use of the 14,600 rentable square feet of the entire second (2nd) floor of 132-134 South Elm Street, Greensboro, North Carolina. Under the terms of the Lease, Tenant is responsible for its pro-rata share of operating expenses, real estate taxes, insurance, maintenance and repairs of the property.

NOTE 12: LEASE AGREEMENTS AND SUBLEASE AGREEMENT (CONCLUDED):

Annual base rent payments under the Lease are estimated to be as follows:

For the Year Ended:	
2012	$ 212,180
2013	218,545
2014	225,102
2015	231,855
2016	238,810
Thereafter	245,975
	$ 1,372,467

B. On August 17, 2009, the Landlord and Tenant entered into the Lease. Under the terms of the Lease, the Tenant pays monthly base rent payments and supplemental rent payments, as defined, commencing in 2011 through December 2041 in exchange for exclusive use of the property. Under the terms of the Lease, Tenant is responsible for all operating expenses, real estate taxes, insurance, maintenance and repairs of the property. The Landlord received rent payments of $180,000 in regards to the Lease transactions during the period as of December 31, 2011.

Annual base rent and supplemental rent payments and receipts under the Lease are expected as follows:

For the Year Ended	
2012	$ 325,000
2013	345,000
2014	355,000
2015	355,000
2016	355,000
Thereafter	10,000,000
	$ 11,735,000

For the year ended December 31, 2011, the Lease payments due were $305,000. As of December 31, 2011, the Tenant owes the Landlord master lease payments of $26,158.

C. Tenant entered into a Sublease with Civil Rights Museum, LLC ("CRM"), a related entity. The Sublease is classified as an operating lease for financial reporting purposes. The Sublease commenced in 2009 and continues through 2020. Under the terms of the Sublease, CRM pays base rent in monthly installments beginning in 2010 as set forth in the Sublease agreement. The Tenant received $360,000. As of December 31, 2011 the Tenant is owed $60,000 in connection with Sublease transactions.

Estimated future minimum rental income under the Sublease is expected as follows:

For the Year Ended	
2012	$ 360,000
2013	360,000
2014	360,000
2015	360,000
2016	360,000
Thereafter	1,757,123
Total Payments	$ 3,557,123

CRM has Sub-subleased the Property to the Developer ("the Sub-sublease"). The Sub-sublease commenced in 2010 and expires in 2020.

NOTE 13: PROJECT PROFITS, LOSSES AND DISTRIBUTIONS:

Landlord

All profits and losses are allocated 10% to the Investor Member, 10% to the Master Tenant Investor and 80% to the Managing Member.

Pursuant to the Landlord Agreement, cash distributions shall be made to the owners annually in the following order of priority:

1. To the Managing Member, the Managing Member Priority Distribution (to the extent not paid from the operating reserve);

2. To the repayment of any Shortfall Loans, pro rata in accordance with the outstanding amount balance of each;

3. To the Members in accordance with their respective percentage interests.

In addition, the Agreement provides certain provisions for the application and priorities for the allocation of profit and use of cash in the event of sale or refinancing.

Tenant

All profits and losses and tax credits earned under Section 47 of the Code are allocated .01% to the Managing Member and 99.99% to the Investor Member. Pursuant to the Tenant Agreement, cash distributions shall be made to the owners in the following order of priority after the end of each year.

1. To the Investor Member as payment of any unpaid negative Credit Adjustment amount;

2. To the Investor Member as payment of the Asset Management Fee;

3. To the Investor Member as payment of the Preferred Return (to the extent not funded out of the Preferred Return Reserve held);

4. To the Investor Member until the Investor Member has received distributions equal to its Tax Liability Reimbursement, if any outstanding as of the date of the distribution;

5. To the Investor Member as repayment of any Investor Loan;

6. To the payment of the Supplemental Rent;

7. To the Managing Member as repayment of any Operating Deficit Loan and any Managing Member Loan pro rata in accordance with the balance of each loan as repayment of any Operating Deficit Loan; and

8. Thereafter, remaining operating cash flow if any, to the Members in accordance with their percentage interests.

In addition, the Tenant Agreement provides certain provisions for the application and priorities for the allocation of profit and use of cash in the event of sale or refinancing.

NOTE 14: CAPITAL CONTRIBUTIONS:

Under the terms of Agreements, as of December 31, 2011, the Managing Member is not obligated to make any additional capital contributions to the Project. As of December 31, 2011, $250,200 of contributions have been made. Under the terms of the Tenant Agreement, the Investor Member is obligated to make total capital contributions of $6,705,000 subject to adjustment mainly due to the amount and timing of the actual federal and state historic tax credits delivered. The upward adjustment was $873,251. As of December 31, 2011, contributions of $7,578,251 have been made and no adjustments were deemed necessary.

Under the terms of the Landlord Agreement, the CDE Investor Member is obligated to make total capital contributions of $4,028,349, subject to adjustment as described in Landlord Agreement. As of December 31, 2011, contributions of $4,028,349, have been made and no adjustments were deemed necessary.

The Credit Investor is obligated to make capital contributions of $4,028,349 to the Tenant Investor Member, subject to adjustment in accordance with Tenant Agreement. As of December 31, 2011, contributions of $4,028,349 have been made and no adjustment was deemed necessary.

NOTE 15: TAX CREDITS:

The National Park Service has determined that the Project is eligible to receive Federal historic rehabilitation tax credits equal to 20% of the Project's qualified rehabilitation expenditures ("QRE") pursuant to Section 47 of the IRC. The Project's tax credits are contingent on its ability to maintain compliance with Section 47 of the Code. Failure to maintain compliance could result in recapture of previously taken tax credits plus interest.

The Project has elected, under Section 50(d) of the Code, to pass-through the historic tax credits related to the QRE incurred by Landlord to the Tenant. Tenant is subject to recapture on a gradually declining scale of 20% of the total Historic credits per year if it were to sell the building within the next five (5) years. Because the Historic tax credits are being passed through to Tenant under IRC 50(d) of the Code, no reduction in depreciable basis is required for tax purposes. However, the total Historic tax credits allocated to Tenant is required to be treated as taxable income to Tenant over the depreciable life of the building.

NOTE 16: CONCENTRATION RISK:

The Project operates in Greensboro, North Carolina. Future operations could be affected by changes in the economy or other conditions in that geographic area. The Tenant receives 100% of its rental revenue from CRM, a related entity, in connection with the Sublease. If the operations of CRM were to be negatively impacted, it could have a significant effect on the overall operations of the Project.

NOTE 17: INCOME TAXES:

The Project has adopted accounting rules for uncertain tax positions. These rules require financial statement recognition of the impact of a tax position if a position is more likely than not of being sustained on audit, based on the technical merits of the position. The rules also provide guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods, transition, and disclosure requirements for uncertain tax positions. The adoption of the new rules had no impact on the financial statements. The Project's federal and state tax returns for tax years 2009 and later remain subject to examination by taxing authorities.

Note 18: Subsequent Event

Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events through October 14, 2013, the date combined financial statements were available to be issued.

Subsequent to December 31, 2011 Sit-In Movement, Incorporated defaulted on its loan with Carolina Bank. See Note 11, Loan #1. Sit-In Movement, Incorporated is working on a Loan modification agreement.

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

COMBINING BALANCE SHEETS
FOR THE YEAR ENDED DECEMBER 31, 2011

ASSETS	Sit-In Movement, Incorporated	Civil Rights Museum, LLC	ICRCM, LLC	Museum Landlord, LLC	Museum Tenant, LLC	Eliminations	Total
Cash and Cash Equivalents (Operating)	$ 62,657	$ 5,402	$ 33	$ 28,453	$ 45,274	$ -	$ 141,819
Cash and Cash Equivalents (Restricted)	1,033,605	-	-	540,202	-	-	1,573,807
Unconditional Promises to Give (Net)	835,109	-	-	-	-	-	835,109
Receivables	29,666	25,260	-	26,158	60,000	(117,744)	23,340
Loan Receivable	-	-	-	-	-	-	-0-
Investment in Affiliated Entities	21,681,083	-	79,536	-	6,888,406	(28,649,025)	-0-
Due from Affiliated Entities	921,013	-	-	250,646	23,121	(1,194,780)	-0-
Prepaid and Other Assets	68,667	43,525	-	-	-	(63,667)	48,525
Fixed Assets (Net)	175,122	10,024	-	29,556,134	241,139	-	29,982,419
Intangible Assets (Net)	18,042	-	-	1,157,775	-	-	1,175,817
Total Assets	$ 24,824,964	$ 84,211	$ 79,569	$ 31,559,368	$ 7,257,940	$(30,025,216)	$ 33,780,836
LIABILITIES AND NET ASSETS							
Accrued Expenses:							
Accounts Payable and Other Accrued Expenses	$ 131,422	$ 191,764	$ 760	$ -	$ 26,158	$ (285,148)	$ 64,956
Total Accrued Expenses	131,422	191,764	760	-	26,158	(285,148)	64,956
Other Liabilities	-	21,128	-	-	-	-	21,128
Debt	4,699,902	-	-	23,921,651	-	(561,403)	28,060,150
Total Liabilities	4,831,324	212,892	760	23,921,651	26,158	(846,551)	28,146,234
Due to Affiliated Entities	135,724	1,034,472	-	851	12,138	(1,183,185)	-0-
Net Assets							
Unrestricted							
Available for Program and Supporting Services	20,057,252	(128,681)	78,809	2,002,969	6,990,643	(29,178,665)	(177,673)
Net Investment in Fixed Assets	175,122	-	-	5,634,748	241,139	-	6,051,009
Total Unrestricted	20,232,374	(128,681)	78,809	7,637,717	7,231,782	(29,178,665)	5,873,336
Temporarily Restricted	(243,734)	-	-	-	-	-	(243,734)
Permanently Restricted	5,000	-	-	-	-	-	5,000
Total Net Assets	19,993,640	(128,681)	78,809	7,637,717	7,231,782	(29,178,665)	5,634,602
Total Liabilities and Net Assets	$ 24,824,964	$ 84,211	$ 79,569	$ 31,559,368	$ 7,257,940	$(30,025,216)	$ 33,780,836

The Accompanying Notes are an Integral Part of the Combined Financial Statements.

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

COMBINING STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Sit-In Movement, Incorporated	Civil Rights Museum, LLC	ICRCM, LLC	Museum Landlord, LLC	Museum Tenant, LLC	Eliminations	Total
Revenue, Gains and Other Support							
Support from the Public							
Contributions	$ 601,769	$ –	$ –	$ –	$ –	$ –	$ 601,769
Special Events	149,200	–	–	–	–	–	149,200
Grant	30,000	–	–	–	–	–	30,000
Total Support From the Public	780,969	–	–	–	–	–	780,969
Investment Income							
Interest	226,928	–	–	251	16,874	–	244,053
Total Investment Income	226,928	–	–	251	16,874	–	244,053
Rental Income	–	218,769	–	305,000	360,000	(853,834)	29,935
Special Programing	2,900	4,694	–	–	–	–	7,594
Retail Sales	–	149,172	–	–	–	–	149,172
Museum Tours	144	393,198	–	–	–	–	393,342
Development Fee	50,000	–	–	–	–	–	50,000
Other Income	–	19,033	–	–	–	–	19,033
Total Revenue, Gains and Other Support	1,060,941	784,866	–	305,251	376,874	(853,834)	1,674,098
Net Asset Restriction Transfers							
Unrestricted							
Satisfaction of Activity Restrictions	1,944,094	–	–	–	–	–	1,944,094
Unrestricted Net Asset Restriction Tranfer	1,944,094	–	–	–	–	–	1,944,094
Temporarily Restricted							
Satisfaction of Activity Restrictions	(1,944,094)	–	–	–	–	–	(1,944,094)
Temporarily Restricted Net Asset Restriction Transfer	(1,944,094)	–	–	–	–	–	(1,944,094)
Expenses							
Program Services							
Museum Content Programming	25,605	966,482	–	952,007	–	–	1,944,094
Total Program Services	25,605	966,482	–	952,007	–	–	1,944,094
Supporting Services							
Administration	666,392	913,706	1,002	99,686	342,090	(891,131)	1,131,745
Fundraising	143,341	–	–	–	–	–	143,341
Total Supporting Services	809,733	913,706	1,002	99,686	342,090	(891,131)	1,275,086
Total Program and Supporting Services	835,338	1,880,188	1,002	1,051,693	342,090	(891,131)	3,219,180
Change in Net Assets	2,169,697	(1,095,322)	(1,002)	(746,442)	34,784	(1,906,797)	(1,545,082)
Net Assets, Beginning of Year	21,338,701	(538,568)	(5,626)	7,059,214	981,654	(21,655,691)	7,179,684
Net Assets, End of Year	$ 23,508,398	$ (1,633,890)	$ (6,628)	$ 6,312,772	$ 1,016,438	$(23,562,488)	$ 5,634,602

The Accompanying Notes are an Integral Part of the Combined Financial Statements.

SIT-IN MOVEMENT, INCORPORATED
AND AFFILIATED ENTITIES

COMBINING STATEMENTS OF EXPENSES BY NATURAL CLASSIFICATION
FOR THE YEAR ENDED DECEMBER 31, 2011

	Sit-In Movement, Incorporated	Civil Rights Museum, LLC	ICRCM, LLC	Museum Landlord, LLC	Museum Tenant, LLC	Eliminations	Total
Salaries	$ -	$ 642,520	$ -	$ -	$ -	$ -	$ 642,520
Payroll Taxes	-	54,690	-	-	-	-	54,690
Employee Benefits	71	56,454	-	-	-	-	56,525
Professional Fees	46,332	8,419	760	4,359	1,855	-	61,725
Supplies	1,235	28,237	-	5,509	-	-	34,981
Telephone	-	16,508	-	-	-	-	16,508
Postage and Shipping	135	62	-	-	-	-	197
Occupancy	-	227,229	-	-	-	-	227,229
Printing and Publications	1,089	1,635	-	-	-	-	2,724
Travel	1,623	11,141	-	-	-	-	12,764
Program Expenses	(2,600)	13,889	-	-	-	-	11,289
Interest	101,916	239,217	-	-	-	(15,131)	326,002
Fundraising	112,912	-	-	-	-	-	112,912
Marketing and Advertising	31,764	6,957	-	-	-	-	38,721
Technology	901	38,341	-	-	-	-	39,242
Office Expense	2,789	9,989	94	113	33	-	13,018
Miscellaneous	7,303	6,464	-	-	-	-	13,767
Rent	211,776	361,870	-	-	305,000	(876,000)	2,646
Depreciation	59,412	1,674	-	952,007	30,000	-	1,043,093
Amortization	1,000	-	-	55,299	-	-	56,299
Security	-	42,896	-	-	-	-	42,896
Taxes and Licenses	200	2,488	148	29,013	202	-	32,051
Insurance	1,875	27,988	-	5,393	-	-	35,256
Asset Management Fee	230,000	-	-	-	5,000	-	235,000
Museum Support	25,605	-	-	-	-	-	25,605
Cost of Goods Sold	-	81,520	-	-	-	-	81,520
Total Program and Supporting Services Expenses	$ 835,338	$ 1,880,188	$ 1,002	$ 1,051,693	$ 342,090	$ (891,131)	$ 3,219,180

The Accompanying Notes are an Integral Part of the Combined Financial Statements.