

**RISING TIDE CAPITAL, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2011 AND 2010**

# **RIISING TIDE CAPITAL, INC.**

**DECEMBER 31, 2011 AND 2010**

## **CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report .....	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Functional Expenses .....	5-6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8-13
Supplementary Information:	
Schedule of Expenditures of Federal and State Awards .....	14
Note to the Schedule of Expenditures of Federal and State Awards .....	15
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.....	16-17
Schedule of Findings and Questioned Costs.....	18

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Rising Tide Capital, Inc.,  
Jersey City, New Jersey

We have audited the accompanying statements of financial position of Rising Tide Capital, Inc. (the "Organization") as of December 31, 2011 and 2010 and the related statements of activities and changes in net assets, functional expenses, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 the 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 Rising Tide Capital, Inc. as of December 31, 2011 and 2010, 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 8, 2012 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards included on page 14 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Certified Public Accountants

Livingston, New Jersey  
May 8, 2012

**RISEING TIDE CAPITAL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

---

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
<hr/>		
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 410,979	\$ 287,126
Grants and contributions receivable	100,861	152,670
Prepaid insurance	5,864	3,112
Total Current Assets	<hr/> 517,704	<hr/> 442,908
PROPERTY AND EQUIPMENT, Net	13,788	19,321
OTHER ASSETS:		
Security deposits	2,500	-
	<hr/> \$ 533,992	<hr/> \$ 462,229
	<hr/>	<hr/>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 45,637	\$ 28,700
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	202,009	201,219
Temporarily restricted	286,346	232,310
Total Net Assets	<hr/> 488,355	<hr/> 433,529
	<hr/> \$ 533,992	<hr/> \$ 462,229
	<hr/>	<hr/>

**RISEING TIDE CAPITAL, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended December 31, 2011			Year Ended December 31, 2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT, REVENUE AND OTHER:						
Program fees	\$ 26,345	\$ -	\$ 26,345	\$ 21,905	\$ -	\$ 21,905
Grants and fees from governmental agencies	362,335	-	362,335	325,108	-	325,108
Contributions	61,676	507,000	568,676	193,728	285,000	478,728
Donated services	77,356	-	77,356	73,700	-	73,700
Special events income	70	-	70	3,923	-	3,923
Interest income	1,065	-	1,065	-	-	-
Other revenue	3,009	-	3,009	717	-	717
Total Revenue	531,856	507,000	1,038,856	619,081	285,000	904,081
Net assets released from donor and grantor restrictions	452,964	(452,964)	-	217,690	(217,690)	-
Total Public Support, Revenue and Other	984,820	54,036	1,038,856	836,771	67,310	904,081
EXPENSES:						
Program services	744,476	-	744,476	569,117	-	569,117
Fundraising	110,536	-	110,536	83,593	-	83,593
Management and general	129,018	-	129,018	96,586	-	96,586
Total Expenses	984,030	-	984,030	749,296	-	749,296
CHANGES IN NET ASSETS						
	790	54,036	54,826	87,475	67,310	154,785
Net Assets, Beginning of year	201,219	232,310	433,529	113,744	165,000	278,744
Net Assets, End of year	\$ 202,009	\$ 286,346	\$ 488,355	\$ 201,219	\$ 232,310	\$ 433,529

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

**RIISING TIDE CAPITAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2011**

	<b>Program Services</b>	<b>Fund Raising</b>	<b>Management and General</b>	<b>Total Expenses</b>
Salaries	\$ 370,607	\$ 60,098	\$ 70,115	\$ 500,820
Payroll taxes	27,974	4,536	5,292	37,802
Employee benefits	30,737	4,985	5,815	41,537
Subtotal	429,318	69,619	81,222	580,159
Professional fees	122,299	19,832	23,138	165,269
Occupancy	29,142	4,726	5,513	39,381
Office expenses	11,477	1,861	2,172	15,510
Equipment, software and supplies	45,252	7,339	8,561	61,152
Program seminar and events	33,796	-	-	33,796
Program marketing and outreach	8,396	-	-	8,396
Printing and postage	9,956	1,614	1,883	13,453
Travel and meetings	5,109	828	967	6,904
Staff training and professional development	20,644	-	59	20,703
Repairs and maintenance	14,233	2,308	2,693	19,234
Insurance	3,420	555	647	4,622
Depreciation	9,218	1,495	1,744	12,457
Interest	110	17	21	148
Special events cost	2,106	342	398	2,846
	\$ 744,476	\$ 110,536	\$ 129,018	\$ 984,030

**RIISING TIDE CAPITAL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2010**

	<b>Program Services</b>	<b>Fund Raising</b>	<b>Management and General</b>	<b>Total Expenses</b>
Salaries	\$ 287,000	\$ 46,540	\$ 54,297	\$ 387,837
Payroll taxes	19,889	3,225	3,763	26,877
Employee benefits	28,778	4,667	5,444	38,889
Subtotal	335,667	54,432	63,504	453,603
Professional fees	93,718	15,198	17,730	126,646
Occupancy	12,956	2,101	2,451	17,508
Office expenses	11,409	1,850	2,159	15,418
Equipment, software and supplies	23,805	3,860	4,504	32,169
Program seminar and events	47,225	-	-	47,225
Program marketing and outreach	6,467	-	-	6,467
Printing and postage	5,050	819	955	6,824
Travel and meetings	4,149	673	785	5,607
Staff training and professional development	7,401	1,211	474	9,086
Repairs and maintenance	6,096	989	1,155	8,240
Insurance	2,760	448	522	3,730
Depreciation	9,531	1,546	1,803	12,880
Interest	235	38	44	317
Special events cost	2,459	399	465	3,321
Miscellaneous	189	31	35	255
	\$ 569,117	\$ 83,593	\$ 96,586	\$ 749,296



**RISEING TIDE CAPITAL, INC.**  
**STATEMENTS OF CASH FLOW**

---

	<b>Year Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
<hr/>		
<b>CASH FLOWS PROVIDED BY (USED FOR) :</b>		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 54,826	\$ 154,785
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	12,457	12,880
Changes in certain assets and liabilities:		
Grants and contributions receivable	51,809	6,601
Prepaid insurance	(2,752)	(1,724)
Security deposits	(2,500)	-
Accounts payable and accrued expenses	16,937	2,327
Net Cash Provided by Operating Activities	<u>130,777</u>	<u>174,869</u>
<u>INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	<u>(6,924)</u>	<u>(2,351)</u>
 NET INCREASE IN CASH	 123,853	 172,518
 CASH		
Beginning of year	<u>287,126</u>	<u>114,608</u>
End of year	<u>\$ 410,979</u>	<u>\$ 287,126</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:**

Cash paid during the year for interest	<u>\$ 148</u>	<u>\$ 317</u>
--	---------------	---------------

**RIISING TIDE CAPITAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

---

---

**NOTE 1 - NATURE OF ORGANIZATION:**

---

Rising Tide Capital, Inc. (the "Organization") is a corporation organized to facilitate economic development through entrepreneurship. The Organization's mission is to assist struggling entrepreneurs and distressed communities through the development of strong businesses that transform lives, strengthen families and create thriving, sustainable neighborhoods. The Organization's vision is to build a replicable model for high-quality entrepreneurial development services that can be locally adopted in other low-income communities to be used for social and economic empowerment.

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

---

***Basis of Accounting:***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America under the *FASB Accounting Standards Codification*.

***Financial Statement Presentation:***

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Unrestricted net assets are net assets that are not subject to donor-imposed stipulations. Unrestricted net assets are those currently available for use by the Organization's Board of Trustees.

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

The Organization does not currently have any permanently restricted net assets.

**RISEING TIDE CAPITAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Grants and Contributions Receivable:***

Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances, based on historical trends. The Organization charges uncollectible accounts receivable to operations when determined to be uncollectible. At December 31, 2011 and 2010, an allowance was not deemed necessary.

***Property and Equipment:***

Fixed assets are recorded at cost on the date of acquisition, or at the fair value of the asset at the date of gift, for donated assets. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 3 to 7 years. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred; significant renewals or maintenance and repairs that are greater than \$2,500 are capitalized when they increase the useful life of the asset.

***Contributions:***

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor 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. Contributions with restrictions that are met in the same reporting period as they are received are reported as unrestricted support.

***Donated Property, Goods and Services:***

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. Donated property, goods and services are recorded as contributions at their estimated fair value at the date of donation.

***Functional Allocation of Expenses:***

Program services, management and general and fundraising expenses have been recorded in the statements of activities and change in net assets and on the statements of functional expenses based on both a direct costing method for those expenses directly attributable to a particular program or on an allocation basis based on the salary percentage of each program to total salaries for joint costs attributable to all functions. The Organization's management allocated general and administrative expenses based upon management's best estimates.

**RIISING TIDE CAPITAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Income Taxes:***

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the years ended 2011 and 2010. The tax years subject to audit by federal and state jurisdictions are the years ended December 31, 2008 and forward. At December 31, 2011 and 2010, there are no significant income tax uncertainties.

***Use of Estimates:***

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

***Revenue Recognition:***

Funds received from various federal, and state agencies represent grants awarded to Rising Tide Capital, Inc. to provide program services. Revenue with respect to these awards is recognized to the extent of expenses incurred under the award terms. Upon completion or expiration of a grant, unexpended funds are not available to Rising Tide Capital, Inc. and must be returned to the awarding agency.

***Subsequent Events:***

The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2011 through May 8, 2012, the date that the financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**RIISING TIDE CAPITAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

---

---

**NOTE 3 - PROPERTY AND EQUIPMENT:**

---

Equipment consists of the following:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Leasehold improvements	\$ 3,300	\$ -
Furniture and fixtures	1,800	1,800
Computer software and hardware	42,670	39,046
	47,770	40,846
Less: Accumulated depreciation	33,982	21,525
Property and Equipment, Net	\$ 13,788	\$ 19,321

---

**NOTE 4 - NON-CASH DONATIONS:**

---

During the years ended December 31, 2011 and 2010, the Organization received non-cash donations of property, goods and services and free use of facilities that have been reflected in the accompanying financial statements.

The amount of donated facilities, goods and services for the years ended December 31, 2011 and 2010 was \$77,356 and \$73,700, respectively, which included \$48,188 and \$27,619 of in-kind contributions of professional services for the years ended December 31, 2011 and 2010, respectively. Amounts have been recorded in the accompanying financial statements for the fair value of the donated facilities for various program and administrative functions, which amounted to \$7,400 and \$38,906 for the years ended December 31, 2011 and 2010, respectively. The use of the facility through October 31, 2010, where the Organization operated, was donated by the Jersey City Economic Development Corporation which owns the real property and most of the personal property at the site. All operating and maintenance expenses for the facilities were the responsibility of the Organization.

The Organization also regularly receives services from volunteers who are not acting in a professional capacity; such volunteer services do not meet the criteria for financial statement recognition and are not included in the financial statements.

**RIISING TIDE CAPITAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

---

---

**NOTE 5 - LEASE COMMITMENT:**

---

Effective October 18, 2011, the Organization entered into an operating lease agreement for the office space. The lease is a five-year agreement which is due to expire on October 17, 2016. Rent is payable in monthly installments of \$2,500 through October 2012. The rent is increased during each subsequent twelve-month period of the term by four percent (4%).

Rent expense was \$26,500 and \$17,052 for the years ended December 31, 2011 and 2010, respectively.

The Organization is obligated for future minimum lease payments as follows:

<b><u>Year Ended December 31,</u></b>	
2012	\$ 30,245
2013	31,455
2014	32,713
2015	34,022
2016	27,926
Total	<u>\$156,361</u>

---

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS:**

---

At December 31, 2011 and 2010, the Organization has \$286,346 and \$232,310 respectively, in temporarily restricted net assets comprised of contributions restricted by time.

---

**NOTE 7 - RETIREMENT PLAN:**

---

The Organization established a 401(k) retirement plan that covers substantially all employees meeting the Plan's eligibility requirements. Employees' contributions to the Plan are via payroll deduction and the Organization does not match employee contributions.

**RIISING TIDE CAPITAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

---

---

**NOTE 8 - CONCENTRATIONS OF RISK:**

---

***Support and Revenue:***

The Organization received a substantial portion of its revenues from federal and state programs. The Organization received approximately 35% and 36% for the years ended December 31, 2011 and 2010, respectively, from government grants. A material reduction of such support could have a significant impact on the Organization's operations. Management, however, does not expect that its support will be materially reduced. The Organization is also subject to audits by certain State and Federal departments which may result in findings based on various issues. Anticipation of potential audit results is currently not determinable. Accordingly, no accruals have been recorded in the financial statements for any adjustments that might be required based on potential future audits.

***Cash:***

The Organization maintains cash balances at various financial institutions, which at times, may be in excess of federally insured limits.

---

**NOTE 9 - TAX RETURNS:**

---

At December 31, 2011, all required tax returns have been filed.

**RISEING TIDE CAPITAL, INC.**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2011**

<b>Federal Grantor/Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Period</b>	<b>Grant ID Number</b>	<b>Program Award Amount</b>	<b>Current Year Expenditures</b>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed through Community Development Agencies: Block Grants: Jersey City	14.218	4/1/10 - 3/31/11 4/1/11 - 3/31/12	52-200-56-851-631 53-200-56-851-631	\$ 150,000 150,000	\$ 40,317 50,127
Enterprise and Economic Development Initiative	14.514	10/1/10 - 9/30/11 11/1/11 - 9/30/12	N/A N/A	80,000 80,000	60,000 20,000
U.S. SMALL BUSINESS ADMINISTRATION Program for Investment in Microentrepreneurs Act of 1999 ("PRIME")	59.05	9/30/09 - 9/29/12	SBAHQ-09-Y-0115	234,000	66,887
Total Federal Awards				694,000	237,331
NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS Passed through City of Jersey City: Urban Enterprise Zone program	N/A	2/1/11 - 1/31/12	2011-08012-0383-000	125,000	125,000
Total Federal and State Awards				\$ 819,000	\$ 362,331



**RISEING TIDE CAPITAL, INC.**  
**NOTE TO THE SCHEDULE OF**  
**EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2011**

---

---

**NOTE 1 - BASIS OF PRESENTATION:**

---

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and New Jersey OMB Circular Letter 04-04. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**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**

---

To the Board of Trustees  
Rising Tide Capital, Inc.  
Jersey City, New Jersey

We have audited the financial statements of Rising Tide Capital, Inc. (the "Organization") as of and for the year ended December 31, 2011, and have issued our report thereon dated May 8, 2012. 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 of America.

**Internal Control over Financial Reporting**

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Rising Tide Capital, 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 to provide an opinion on effectiveness of Rising Tide Capital, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Rising Tide Capital, Inc.'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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 the 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 the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Management, others within the Organization, the Board of Trustees, and Federal 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.

Certified Public Accountants

Livingston, New Jersey  
May 8, 2012

**RISEING TIDE CAPITAL, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED DECEMBER 31, 2011**

---

**I. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued (**unqualified**, *qualified, adverse, or disclaimer*)

Internal control over financial reporting:

- Material weakness(es) identified:                             Yes        X   No
- Significant deficiency(ies) identified  
that are not considered to be  
material weaknesses           Yes        X   No
- Noncompliance material to  
financial statements noted           Yes        X   No

**II. FINANCIAL STATEMENTS AND COMPLIANCE FINDINGS:**

NONE

**III. STATUS OF PRIOR YEAR AUDIT FINDINGS:**

NONE