

RISING TIDE CAPITAL, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2016 AND 2015



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

RISING TIDE CAPITAL, INC.

DECEMBER 31, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Rising Tide Capital, Inc. ("Organization"), a New Jersey nonprofit corporation, which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016 and 2015, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Organization as a whole. The accompanying schedule of expenditures of federal and state awards on page 15 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08, and is not a required part of the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated May 16, 2017, on our consideration of the Organization's internal control over financial reporting and on 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Certified Public Accountants

Livingston, New Jersey
May 16, 2017

RISING TIDE CAPITAL, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,483,142	\$ 1,991,507
Grants receivable, short-term	2,165,000	250,000
Accounts and contributions receivable	279,558	479,863
Prepaid expenses and other current assets	16,625	111,190
Total Current Assets	<u>3,944,325</u>	<u>2,832,560</u>
PROPERTY AND EQUIPMENT, Net	771	1,973
GRANTS RECEIVABLE, LONG-TERM, NET	728,155	-
OTHER ASSETS:		
Security deposits	33,485	6,900
	<u>\$ 4,706,736</u>	<u>\$ 2,841,433</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 105,071	\$ 182,031
Deferred revenue	26,754	178,581
Total Current Liabilities	<u>131,825</u>	<u>360,612</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	735,361	692,485
Temporarily restricted	3,839,550	1,788,336
Total Net Assets	<u>4,574,911</u>	<u>2,480,821</u>
	<u>\$ 4,706,736</u>	<u>\$ 2,841,433</u>

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

	Year Ended December 31, 2016			Year Ended December 31, 2015		
	Unrestricted	Temporarily	Total	Unrestricted	Temporarily	Total
		Restricted			Restricted	
PUBLIC SUPPORT, REVENUE AND OTHER:						
Program fees	\$ 55,500	\$ -	\$ 55,500	\$ 46,493	\$ -	\$ 46,493
Grants and fees from governmental agencies	403,370	-	403,370	445,125	-	445,125
Foundation grants and contracts	-	-	-	19,999	-	19,999
Contributions	333,806	4,515,687	4,849,493	195,501	2,412,551	2,608,052
Donated services	274,893	-	274,893	339,728	-	339,728
Interest income	7,141	-	7,141	2,568	-	2,568
Other revenue	101,034	-	101,034	12,102	-	12,102
Total Revenue	1,175,744	4,515,687	5,691,431	1,061,516	2,412,551	3,474,067
Net assets released from donor and grantor restrictions	2,464,473	(2,464,473)	-	2,104,532	(2,104,532)	-
Total Public Support, Revenue and Other	3,640,217	2,051,214	5,691,431	3,166,048	308,019	3,474,067
EXPENSES:						
Program services	2,745,931	-	2,745,931	2,261,724	-	2,261,724
Fundraising	501,153	-	501,153	409,051	-	409,051
Management and general	350,257	-	350,257	348,134	-	348,134
Total Expenses	3,597,341	-	3,597,341	3,018,909	-	3,018,909
CHANGES IN NET ASSETS	42,876	2,051,214	2,094,090	147,139	308,019	455,158
Net Assets, Beginning of year	692,485	1,788,336	2,480,821	545,346	1,480,317	2,025,663
Net Assets, End of year	\$ 735,361	\$ 3,839,550	\$ 4,574,911	\$ 692,485	\$ 1,788,336	\$ 2,480,821

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

RIISING TIDE CAPITAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2016

	Program Services	Fundraising	Management and General	Total Expenses
Salaries	\$ 975,216	\$ 312,594	\$ 73,806	\$ 1,361,616
Payroll taxes	71,693	22,776	5,319	99,788
Employee benefits	186,998	58,115	20,803	265,916
Subtotal	1,233,907	393,485	99,928	1,727,320
Professional fees	916,795	44,836	221,178	1,182,809
Occupancy	70,151	20,019	8,231	98,401
Office expenses	4,921	1,095	5,381	11,397
Equipment, software and supplies	72,760	8,346	6,325	87,431
Program seminar and events	275,939	1,523	1,008	278,470
Program marketing and outreach	46,305	1,316	1	47,622
Printing and postage	29,837	4,355	1,433	35,625
Travel and meetings	21,392	9,852	3,044	34,288
Staff training and professional development	31,952	2,164	186	34,302
Repairs and maintenance	31,657	9,065	2,879	43,601
Fundraising costs	350	2,221	-	2,571
Insurance	6,052	1,794	601	8,447
Depreciation	3,913	1,082	62	5,057
	\$ 2,745,931	\$ 501,153	\$ 350,257	\$ 3,597,341

RIISING TIDE CAPITAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	Program Services	Fundraising	Management and General	Total Expenses
Salaries	\$ 843,102	\$ 271,759	\$ 152,960	\$ 1,267,821
Payroll taxes	63,017	19,936	11,493	94,446
Employee benefits	172,031	42,465	27,876	242,372
Subtotal	1,078,150	334,160	192,329	1,604,639
Professional fees	594,228	33,969	127,753	755,950
Occupancy	56,724	13,847	7,716	78,287
Office expenses	4,494	660	2,264	7,418
Equipment, software and supplies	72,388	9,053	5,542	86,983
Program seminar and events	303,821	1,493	2,398	307,712
Program marketing and outreach	38,147	300	1,164	39,611
Printing and postage	27,000	3,408	1,804	32,212
Travel and meetings	22,420	3,610	1,202	27,232
Staff training and professional development	31,310	600	199	32,109
Repairs and maintenance	23,447	5,607	3,779	32,833
Insurance	7,060	1,741	1,598	10,399
Depreciation	2,535	603	386	3,524
	\$ 2,261,724	\$ 409,051	\$ 348,134	\$ 3,018,909

RISEING TIDE CAPITAL, INC.
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2016	2015
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 2,094,090	\$ 455,158
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation	5,057	3,524
Changes in certain assets and liabilities:		
Grants receivable	(2,643,155)	250,000
Accounts receivable	200,305	(163,129)
Prepaid expenses and other current assets	94,565	(102,565)
Security deposits	(26,585)	(4,150)
Accounts payable and accrued expenses	(76,960)	63,800
Deferred revenue	(151,827)	178,581
Net Cash (Used for) Provided by Operating Activities	<u>(504,510)</u>	<u>681,219</u>
<u>INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	<u>(3,855)</u>	-
NET (DECREASE) INCREASE IN CASH	(508,365)	681,219
CASH		
Beginning of year	<u>1,991,507</u>	<u>1,310,288</u>
End of year	<u><u>\$ 1,483,142</u></u>	<u><u>\$ 1,991,507</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Cash paid during the year for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

RISEING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 1 - NATURE OF ORGANIZATION:

Rising Tide Capital, Inc. (“Organization”), a New Jersey nonprofit corporation, is 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 vibrant, 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-wealth communities and also be used as a catalyst 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.

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

Net assets not subject to donor-imposed stipulations and 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.

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, 2016 and 2015, an allowance was deemed not necessary.

RISING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

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.

Deferred Revenue:

Deferred revenue consists of advances received from a private grantor which are conditional upon meeting specified performance criteria and amounts received in advance of services being performed. Revenue will be recognized in future periods when the performance criteria are met or when services are performed. At December 31, 2016 and 2015, deferred revenue amounted to \$26,754 and \$178,581, respectively.

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 when they are received are reported as unrestricted support.

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.

Donated Property, Goods and Services:

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance nonfinancial 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.

Reclassifications:

Certain amounts have been reclassified in the 2015 financial statements to conform to the 2016 presentation. This has no effect on the change in net assets.

RISING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

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

Functional Allocation of Expenses:

Program services, management and general, and fundraising expenses have been recorded in the statements of activities and changes in net assets and on the statements of functional expenses based on both a direct cost 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.

Income Taxes:

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

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 derecognition, 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 2016 and 2015. At December 31, 2016 and 2015, 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.

NOTE 3 - ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following:

	December 31,	
	2016	2015
Pledges receivable	\$ 26,500	\$ 35,500
Accounts receivable	42,186	444,363
Other receivables	210,872	-
	<u>\$ 279,558</u>	<u>\$ 479,863</u>

RISEING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 4 - GRANTS RECEIVABLE:

Grants receivable are all from non-government sources and are expected to be received as follows:

	December 31,	
	2016	2015
In less than one year	\$ 2,165,000	\$ 250,000
In one to five years	750,000	-
Grants receivable	2,915,000	250,000
Less: unamortized discount	(21,845)	-
Net Grants Receivable	2,893,155	250,000
Less: short term grants receivable	(1,500,000)	(250,000)
Net Long Term Grants Receivable	<u>\$ 728,155</u>	<u>\$ -</u>

Grants receivable with due dates extending beyond one year are discounted at 3%. The applicable rate at December 31, 2016 was 3.0%.

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31,	
	2016	2015
Leasehold improvements	\$ 7,155	\$ 3,300
Furniture and fixtures	1,800	1,800
Computer software and hardware	50,877	50,877
	59,832	55,977
Less: Accumulated depreciation	59,061	54,004
Property and Equipment, Net	<u>\$ 771</u>	<u>\$ 1,973</u>

A subsidiary of Rising Tide Capital, Inc. is engaged in the purchase of a building for \$285,000, subsequent to year-end.

NOTE 6 - NONCASH DONATIONS:

During the years ended December 31, 2016 and 2015, the Organization received noncash donations of property, goods and services and free use of facilities that have been reflected in the accompanying financial statements.

RISING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 6 - NONCASH DONATIONS: (Continued)

The amount of donated facilities, goods and services for the years ended December 31, 2016 and 2015, was \$274,893 and \$339,728, respectively, which included \$242,748 and \$311,800 of in-kind contributions of professional services, 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 \$32,145 and \$27,928 for the years ended December 31, 2016 and 2015, respectively.

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.

NOTE 7 - LINE OF CREDIT:

The Organization has a \$100,000 line of credit available from a commercial bank. The variable interest rate on this note equals the Wall Street Journal Prime Rate, which is 3.25% as of December 31, 2016. The line of credit renews annually at the bank's option, and the line was renewed on September 21, 2016. There is no balance outstanding on this line of credit as of December 31, 2016.

NOTE 8 - LEASE COMMITMENTS:

The Organization entered into an operating lease agreement for office space. The Organization moved its office to a new location. Effective July 28, 2016, they entered into a short-term lease which expired on January 31, 2017. This lease was then converted to a month-to-month operating lease agreement effective July 28, 2016. Rent is payable in monthly installments of \$3,000. The Organization also leases office space in Newark. The lease is a five-year agreement which expires on July 14, 2020. Rent is payable in monthly installments of \$2,200. The rent is increased during each subsequent twelve-month period by 3%.

The Organization also leases office equipment under an operating lease which is due to expire on September 15, 2017. Lease expense for this equipment is \$4,200 for each of the years ended December 31, 2016 and 2015, and is included in occupancy expense in the accompanying statements of functional expenses. The Organization entered into a new equipment lease which is due to expire September 30, 2019. Lease expense for this equipment is \$1,740 for the year ended December 31, 2016, and is included in occupancy expense in the accompanying statements of functional expenses.

Rent expense related to the Jersey City and Newark office leases was \$54,682 and \$48,122 for the years ended December 31, 2016 and 2015, respectively. These amounts are included in occupancy expense in the accompanying statements of functional expenses.

RISING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 8 - LEASE COMMITMENTS: (Continued)

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

Year Ended December 31,	Amount
2017	\$ 37,501
2018	35,353
2019	34,464
2020	16,094
Total	<u>\$ 123,412</u>

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS:

The following temporarily restricted net assets are available for the following purposes:

Time restrictions:	December 31,	
	2016	2015
For use in future periods	\$3,572,138	\$1,550,120
Net proceeds from the gala for use in future periods (gross proceeds of \$460,191 and \$567,343, respectively, and expenses of \$192,779 and \$329,127, respectively, for the years ended December 31, 2016 and 2015.)	267,412	238,216
Total Temporarily Restricted Net Assets	<u>\$3,839,549</u>	<u>\$1,788,336</u>

Net assets released from time and use restrictions for the years ended December 31, 2016 and 2015, amounted to \$2,464,473 and \$2,104,532, respectively, and are reflected on the accompanying statements of activities and changes in net assets.

NOTE 10 - 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's contributions are discretionary. During the years ended December 31, 2016 and 2015, the Organization provided a 5% match to eligible employees in the amount of \$43,841 and \$29,641.

RISING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

NOTE 11 - CONCENTRATIONS OF RISK:

Support and Revenue:

The Organization received a substantial portion of its revenues from federal and state programs. The Organization received approximately 11% and 13% for the years ended December 31, 2016 and 2015, 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 agencies 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 12 - TAX RETURNS:

At December 31, 2016, all required tax returns have been filed.

NOTE 13 - SUBSEQUENT EVENTS:

The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2016 through May 16, 2017, the date that the financial statements were available to be issued.

RISING TIDE CAPITAL, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Period	Grant ID Number	Program Award Amount	Current Year Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed through Community Development Agencies:					
Block Grants:					
Jersey City Division of Community Development (Community Business Academy & Business Acceleration Services)	14.218	4/1/15 - 3/31/16	15-757	\$ 300,000	\$ 75,000
Jersey City Division of Community Development (Community Business Academy & Business Acceleration Services)	14.218	4/1/16 - 3/31/17	16-699	225,000	171,140
U.S. SMALL BUSINESS ADMINISTRATION					
Program for Investment in Microentrepreneurs Act of 1999 ("PRIME")	59.050	9/29/16 - 9/30/17	SBAHQ-16-PR-0030	150,000	27,230
U.S. DEPARTMENT OF COMMERCE - Economic Development Administration					
Economic Adjustment Assistance Program: Start, Sustain, Expand	11.307	6/4/14 - 6/3/16	01-79-14460	250,000 #	65,000
Total Federal Awards				925,000	338,370
NJ CENTER FOR HISPANIC POLICY					
Center for Hispanic Policy, Research & Development	N/A	9/1/16 - 8/30/17	CHPRD17-017	20,000	-
NEW JERSEY OFFICE OF FAITH BASED INITITIVE					
OFBI Direct Service 2016	N/A	7/15/15 - 6/30/16	OFBI16DSP-016	50,000 #	50,000
OFBI Direct Service 2017-2	N/A	7/15/16 - 6/30/17	OFBI17DSP-2-002	30,000	-
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
AmeriCorps Vista Project	N/A	12/14/15 -12/12/16	15VSANJ008	15,000	15,000
Total State Awards				115,000	65,000
Total Federal and State Awards				\$ 1,040,000	\$ 403,370

(1) - Grant is for \$500,000 to be split evenly between New Jersey City University and Rising Tide Capital, Inc.

(2) - Grant is for \$100,000 to Garden State Episcopal Community Development Corporation. Rising Tide Capital, Inc. is a sub-recipient of \$50,000.

RISEING TIDE CAPITAL, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND
STATE AWARDS
YEAR ENDED DECEMBER 31, 2016

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended December 31, 2016, the Organization did not provide any funds relating to their state programs to subrecipients.

NOTE 3 - INDIRECT COSTS:

The Organization did not elect to use the de minimis cost rate when allocating indirect costs to state programs.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of December 31, 2016, the Agency did not have any state loan or loan guarantee programs.

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, 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, the financial statements of Rising Tide Capital, Inc. ("Organization"), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated May 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and on compliance and other matters, and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance, and other matters. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Livingston, New Jersey
May 16, 2017

RISING TIDE CAPITAL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2016

I. Summary of Auditors' Results

Financial Statements

The auditors' report issued on the basic financial statements of Rising Tide Capital, Inc. was an unmodified opinion.

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that
are not considered to be material
weaknesses? _____ Yes X No
- Noncompliance material to financial
statements noted? _____ Yes X No