

RISING TIDE CAPITAL, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2010 AND 2009

RISING TIDE CAPITAL, INC.

DECEMBER 31, 2010 AND 2009

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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. (a not-for-profit corporation) (the "Organization") as of December 31, 2010 and 2009, the related statements of activities and change 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Member of



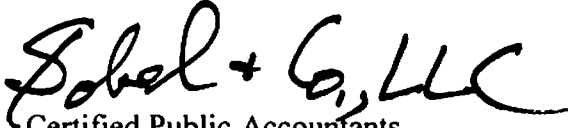
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In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2011 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of 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 basic financial statements of Rising Tide Capital, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance on page 14 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the New Jersey Office of Management and Budget Circular Letter 04-04 Compliance Supplement, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Certified Public Accountants

April 21, 2011
Livingston, New Jersey

RISING TIDE CAPITAL, INC.
STATEMENTS OF FINANCIAL POSITION

| | December 31, | |
|---------------------------------------|---------------------|-------------------|
| | 2010 | 2009 |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash | \$ 287,126 | \$ 114,608 |
| Grants and contributions receivable | 152,670 | 159,271 |
| Prepaid insurance | 3,112 | 1,388 |
| Total Current Assets | <u>442,908</u> | <u>275,267</u> |
| | | |
| PROPERTY AND EQUIPMENT, Net | <u>19,321</u> | <u>29,850</u> |
| | <u>\$ 462,229</u> | <u>\$ 305,117</u> |
| | | |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES: | | |
| Accounts payable and accrued expenses | <u>\$ 28,700</u> | <u>\$ 26,373</u> |
| | | |
| COMMITMENTS AND CONTINGENCIES | | |
| | | |
| NET ASSETS: | | |
| Unrestricted | 201,219 | 113,744 |
| Temporarily restricted | 232,310 | 165,000 |
| Total Net Assets | <u>433,529</u> | <u>278,744</u> |
| | <u>\$ 462,229</u> | <u>\$ 305,117</u> |

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

| | Year Ended December 31, 2010 | | | Year Ended December 31, 2009 | | |
|--|------------------------------|---------------------------|----------------|------------------------------|---------------------------|----------------|
| | Unrestricted | Temporarily Restricted | Total | Unrestricted | Temporarily Restricted | Total |
| PUBLIC SUPPORT, REVENUE AND OTHER: | | | | | | |
| Program fees | 21,905 | \$ - | \$ 21,905 | \$ 15,798 | \$ - | \$ 15,798 |
| Grants and fees from governmental agencies | 325,108 | - | 325,108 | 310,700 | - | 310,700 |
| Contributions | 193,728 | 285,000 | 478,728 | 199,304 | 165,000 | 364,304 |
| Donated services | 73,700 | - | 73,700 | 82,473 | - | 82,473 |
| Special events income | 3,923 | - | 3,923 | - | - | - |
| Other revenue | 717 | - | 717 | 738 | - | 738 |
| Total Revenue | 619,081 | 285,000 | 904,081 | 609,013 | 165,000 | 774,013 |
| Net assets released from donor and grantor restrictions | 217,690 | (217,690) | - | - | - | - |
| Total Public Support, Revenue and Other | 836,771 | 67,310 | 904,081 | 609,013 | 165,000 | 774,013 |
| EXPENSES: | | | | | | |
| Program services | 569,117 | - | 569,117 | 375,239 | - | 375,239 |
| Fundraising | 83,593 | - | 83,593 | 67,994 | - | 67,994 |
| Management and general | 96,586 | - | 96,586 | 81,210 | - | 81,210 |
| Total Expenses | 749,296 | - | 749,296 | 524,442 | - | 524,442 |
| CHANGE IN NET ASSETS | 87,475 | 67,310 | 154,785 | 84,571 | 165,000 | 249,571 |
| Net Assets, Beginning of year | 113,744 | 165,000 | 278,744 | 29,173 | - | 29,173 |
| Net Assets, End of year | \$ 201,219 | \$ 232,310 | \$ 433,529 | \$ 113,744 | \$ 165,000 | \$ 278,744 |

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

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

| | Program Services | Fund Raising | Management and General | Total Expenses |
|--|-----------------------------|-------------------------|-----------------------------------|---------------------------|
| Salaries | \$ 286,999 | \$ 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 | 335,666 | 54,432 | 63,503 | 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 | 6,098 | 989 | 1,154 | 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 | 36 | 255 |
| | \$ 569,117 | \$ 83,593 | \$ 96,586 | \$ 749,296 |

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

RISEING TIDE CAPITAL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2009

| | Program Services | Fund Raising | Management and General | Total Expenses |
|--|-----------------------------|-------------------------|-----------------------------------|---------------------------|
| Salaries | \$ 218,336 | \$ 39,203 | \$ 28,615 | \$ 286,154 |
| Payroll taxes | 20,888 | 3,655 | 3,570 | 28,113 |
| Employee benefits | 15,314 | 2,580 | 1,884 | 19,778 |
| Subtotal | 254,538 | 45,438 | 34,068 | 334,044 |
| Professional fees | 31,132 | 3,059 | 31,873 | 66,064 |
| Occupancy | 34,434 | 6,980 | 5,119 | 46,533 |
| Office expenses | 8,640 | 1,751 | 1,284 | 11,675 |
| Equipment, software and supplies | 14,153 | 1,844 | 1,785 | 17,782 |
| Program seminar and events | 13,222 | 2,680 | 1,965 | 17,867 |
| Program marketing and outreach | 2,038 | - | - | 2,038 |
| Printing and postage | 611 | 3,349 | 646 | 4,606 |
| Travel and meetings | - | 1,110 | 1,219 | 2,329 |
| Staff training and professional development | 6,546 | - | - | 6,546 |
| Repairs and maintenance | 4,245 | 762 | 556 | 5,563 |
| Insurance | - | - | 1,607 | 1,607 |
| Depreciation | 5,680 | 1,020 | 744 | 7,444 |
| Interest | - | - | 344 | 344 |
| | \$ 375,239 | \$ 67,994 | \$ 81,210 | \$ 524,442 |

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

RISING TIDE CAPITAL, INC.
STATEMENTS OF CASH FLOWS 2010

| | Year Ended December 31, | |
|--|--------------------------------|-------------------|
| | 2010 | 2009 |
| CASH FLOWS PROVIDED BY (USED FOR) : | | |
| <u>OPERATING ACTIVITIES:</u> | | |
| Change in net assets | \$ 154,785 | \$ 249,571 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 12,880 | 7,444 |
| Changes in certain assets and liabilities: | | |
| Grants and contributions receivable | 6,601 | (159,271) |
| Prepaid insurance | (1,724) | (1,388) |
| Accounts payable and accrued expenses | 2,327 | 13,475 |
| Net Cash Provided by Operating Activities | <u>174,869</u> | <u>109,831</u> |
| <u>INVESTING ACTIVITIES:</u> | | |
| Purchases of property and equipment | <u>(2,351)</u> | <u>(30,265)</u> |
| NET INCREASE IN CASH | 172,518 | 79,566 |
| CASH | | |
| Beginning of year | <u>114,608</u> | <u>35,042</u> |
| End of year | <u>\$ 287,126</u> | <u>\$ 114,608</u> |

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:

| | | |
|--|---------------|---------------|
| Cash paid during the year for interest | <u>\$ 317</u> | <u>\$ 344</u> |
|--|---------------|---------------|

RISING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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.

RISEING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Fair Value:

Fair value measurements are defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk (or other parties such as counterparty in a swap) in its assessment of fair value.

Grants and Contributions Receivable:

Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances. The Organization charges uncollectible accounts receivable to operations when determined to be uncollectible. At December 31, 2010 and 2009, 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 using Level 2 inputs, based on values of comparable assets, 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 \$1,000 are capitalized when they increase the useful life of the asset.

RISING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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

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. The Organization used "Level 2" inputs, based on the market value of similar properties, goods and services, to estimate the fair value of the donated property, goods and services.

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.

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 accounting 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 financial statement 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. Tax returns for certain years are subject to audit by federal and state jurisdictions. At December 31, 2010 and 2009, there are no significant income tax uncertainties that are expected to have a material impact on the Organization's financial statements.

RISING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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

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.

Reclassifications:

Certain amounts have been reclassified in the 2009 financial statements to conform to the 2010 presentation.

Subsequent Events:

The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2010 through April 21, 2011, 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.

NOTE 3 - PROPERTY AND EQUIPMENT:

Equipment consists of the following:

| | December 31, | |
|--------------------------------|---------------------|------------------|
| | 2010 | 2009 |
| Furniture and fixtures | \$ 1,800 | \$ 1,800 |
| Computer software and hardware | 39,046 | 36,694 |
| | <u>40,846</u> | <u>38,494</u> |
| Less: Accumulated depreciation | 21,525 | 8,644 |
| Property and Equipment, Net | <u>\$ 19,321</u> | <u>\$ 29,850</u> |

RISING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 4 - NON-CASH DONATIONS:

During the years ended December 31, 2010 and 2009, 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 property, goods and services for the years ended December 31, 2010 and 2009 was \$70,811 and \$82,473, respectively, which included \$30,265 of in-kind contributions of fixed assets in December 31, 2009 and \$27,619 and \$6,000, respectively, of in-kind services of professional services. Amounts have been recorded in the accompanying financial statements for the fair value of the donated facilities (\$38,906 and \$46,208 for the years ended December 31, 2010 and 2009, respectively) for various program and administrative functions. The use of the facility, where the Organization operates, 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 are the responsibility of the Organization.

During last quarter of 2010, the Organization leased office space from an unrelated entity under an operating month to month lease. Under these lease, the Organization is charged a base rent of \$1,500 a month. The Organization has not paid base rent in 2010 in connection with the lease. Such amount is included in account payable and accrued expenses at December 31, 2010 on the statement of financial position. The Organization is required to pay a security deposit of \$3,000, which was paid in the second quarter of 2011.

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 5 - TEMPORARILY RESTRICTED NET ASSETS:

At December 31, 2010 and 2009, the Organization has \$232,310 and \$165,000 respectively, in temporarily restricted net assets comprised of contributions restricted by time.

NOTE 6 - 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.

RISING TIDE CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 7 - CONCENTRATIONS OF RISK:

Support and Revenue:

The Organization received a substantial portion of its revenues from federal and state programs. The Organization received approximately 36% and 40% for the years ended December 31, 2010 and 2009, 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 8 - TAX RETURNS:

At December 31, 2010 and 2009, all required tax returns have been filed.

RISEING TIDE CAPITAL, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2010

| 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 | 14.218 | 4/1/09 - 3/31/10 | 51-200-56-851-631 | \$ 100,000 | \$ 63,127 |
| | | 4/1/10 - 3/31/11 | 52-200-56-851-631 | \$ 150,000 | \$ 109,683 |
| Enterprise and Economic Development Initiative | 14.514 | 10/1/10 - 9/30/11 | N/A | \$ 80,000 | \$ 20,000 |
| U.S. SMALL BUSINESS ADMINISTRATION | | | | | |
| Program for Investment in Microentrepreneurs Act of 1999 ("PRIME") | 59.05 | 9/30/09 - 9/29/11 | SBAHQ-09-Y-0115 | 167,000 | 102,574 |
| Total Federal Awards | | | | \$ 497,000 | \$ 295,384 |
| NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS | | | | | |
| Passed through City of Jersey City: | | | | | |
| Urban Enterprise Zone program | N/A | 3/10/09 - 3/31/10 | 09-118 | 250,000 | 29,724 |
| Total Federal Awards and State Financial Assistance | | | | \$ 747,000 | \$ 325,108 |

See independent auditors' report.

RISING TIDE CAPITAL, INC.
NOTE TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE
YEAR ENDED DECEMBER 31, 2010

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal and state financial assistance 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, 2010, and have issued our report thereon dated April 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Trustees, management, and the relevant governmental agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountants

April 21, 2011
Livingston, New Jersey

RISING TIDE CAPITAL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2010

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 No

- Significant deficiency(ies) identified
that are not considered to be
material weaknesses Yes No

- Noncompliance material to
financial statements noted Yes No

II. FINANCIAL STATEMENTS AND COMPLIANCE FINDINGS:

NONE

III. STATUS OF PRIOR YEAR AUDIT FINDINGS:

NONE