ANSTISS | CERTIFIED PUBLIC ACCOUNTANTS

Interise, Inc.

Financial Statements

December 31, 2012 and 2011

Audit, Tax & Advisory Services
Since 1964

Interise, Inc.
Financial Statements
December 31, 2012 and 2011

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ANSTISS CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of
Interise, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Interise, Inc. (the Foundation) (a non-profit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, 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 misstatement, whether due to fraud or error.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

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Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interise, Inc. as of December 31, 2012 and 2011, 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
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis 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 April 18, 2013 on our consideration of Interise, Inc.'s internal control over financial reporting and on 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* in considering Interise, Inc.'s internal control over financial reporting and compliance.

Anstiss + Co., P.C.

Anstiss & Co., P.C.
Lowell, MA
April 18, 2013

Interise, Inc.
Statements of Financial Position
December 31, 2012 and 2011

	2012	2011
Assets		
Current assets		
Cash	$ 463,306	$ 573,402
Accounts receivable	366,792	317,390
Prepaid expenses	19,410	1,235
Total current assets	849,508	892,027
Deposits	23,323	398
Property and equipment - net	8,894	-
Total assets	$ 881,725	$ 892,425
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable	$ 44,031	$ 61,872
Accrued expenses	21,379	19,802
Payroll liabilities	1,243	4,614
Deferred revenue	32,500	86,298
Total current liabilities	66,653	86,288
Total liabilities	99,153	172,586
Net assets		
Unrestricted net assets		
Undesignated net assets	427,572	454,839
Board-designated net assets	120,000	90,000
Total unrestricted net assets	547,572	544,839
Temporarily restricted net assets	235,000	175,000
Total net assets	782,572	719,839
Total liabilities and net assets	$ 881,725	$ 892,425

See accompanying auditor's report and notes.

Interise, Inc.
Statements of Activities
For the Years Ended December 31, 2012 and 2011

	2012			2011		
	Unrestricted	**Temporarily Restricted**	**Total**	**Unrestricted**	**Temporarily Restricted**	**Total**
Support and Revenue						
Contract revenue	$ 1,226,806	$ -	$ 1,226,806	$ 1,418,275	$ -	$ 1,418,275
Educational materials	234,500	-	234,500	113,637	-	113,637
Grants and contributions	101,056	482,797	583,853	78,020	483,000	561,020
Tuition	111,920	-	111,920	97,690	-	97,690
Special events - net	8,161	-	8,161	-	-	-
Interest income	5	-	5	1,165	-	1,165
Net assets released from restrictions	422,797	(422,797)	-	488,000	(488,000)	-
Total Support and Revenue	2,105,245	60,000	2,165,245	2,196,787	(5,000)	2,191,787
Expenses						
Program	1,716,623	-	1,716,623	1,545,953	-	1,545,953
General and administrative	277,678	-	277,678	217,134	-	217,134
Fundraising	108,211	-	108,211	96,850	-	96,850
Total Expenses	2,102,512	-	2,102,512	1,859,937	-	1,859,937
Change in Net Assets	2,733	60,000	62,733	336,850	(5,000)	331,850
Net assets - Beginning of Year	544,839	175,000	719,839	207,989	180,000	387,989
Net assets - End of Year	$ 547,572	$ 235,000	$ 782,572	$ 544,839	$ 175,000	$ 719,839

See accompanying auditor's report and notes.

Interise, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2012

	Program Expenses	General and Administrative	Fundraising	Total
Compensation and related expenses	814,830	163,393	89,707	1,067,930
Program, curriculum and travel				
Instructors	$ 369,428	$ -	$ -	$ 369,428
Travel	153,050	-	-	153,050
Curriculum	135,734	-	-	135,734
Other expenses	31,110	-	-	31,110
Evaluation and research	20,922	-	-	20,922
Program management	-	14,768	-	14,768
Recruitment	13,199	-	-	13,199
Printing	6,634	-	-	6,634
Memberships	4,352	-	-	4,352
Events	3,512	-	-	3,512
Awards and gifts	1,974	-	-	1,974
Facility rentals	1,905	-	-	1,905
Program supplies	581	-	-	581
Total program, curriculum and travel	742,401	14,768	-	757,169
Operating expenses				
Contracted services	59,188	72,270	6,516	137,974
Rent	39,078	7,836	4,302	51,216
Telecommunications	23,404	4,693	2,577	30,674
Other charges and fees	18,300	6,328	3,069	27,697
Office supplies and equipment	7,967	1,598	877	10,442
Bad debt expense	3,915	-	-	3,915
Technology	2,780	557	306	3,643
Insurance	-	3,406	-	3,406
Employee retention	2,553	512	281	3,346
Postage and delivery	1,336	268	480	2,084
Board development	-	1,126	-	1,126
Repairs and maintenance	699	140	77	916
Bank charges and fees	-	749	-	749
Depreciation expense	172	34	19	225
Total operating expenses	159,392	99,517	18,504	277,413
Total expenses	$ 1,716,623	$ 277,678	$ 108,211	$ 2,102,512

See accompanying auditor's report and notes.

Interise, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2011

	Program Expenses	General and Administrative	Fundraising	Total
Compensation and related expenses	683,843	110,810	58,809	853,462
Program, curriculum and travel				
Instructors	$ 377,843	$ -	$ -	$ 377,843
Travel	139,876	-	-	139,876
Curriculum	110,960	-	3,974	114,934
Other expenses	21,143	-	-	21,143
Evaluation and research	7,469	-	-	7,469
Program management	8,000	12,800	-	20,800
Recruitment	10,158	-	-	10,158
Printing	4,038	-	-	4,038
Memberships	2,204	-	-	2,204
Events	3,922	-	-	3,922
Awards and gifts	776	-	-	776
Facility rentals	3,150	-	-	3,150
Program supplies	4,941	-	-	4,941
Total program, curriculum and travel	694,480	12,800	3,974	711,254
Operating expenses				
Contracted services	92,991	78,080	23,238	194,309
Rent	38,372	6,275	3,620	48,267
Telecommunications	12,407	2,029	1,170	15,606
Other charges and fees	3,122	391	2,804	6,317
Office supplies and equipment	5,406	384	510	6,300
Bad debt expense	-	-	-	-
Technology	8,815	1,441	832	11,088
Insurance	1,039	2,458	-	3,497
Employee retention	3,287	538	310	4,135
Postage and delivery	1,146	197	1,516	2,859
Board development	-	1,614	-	1,614
Repairs and maintenance	714	117	67	898
Bank charges and fees	331	-	-	331
Depreciation expense	-	-	-	-
Total operating expenses	167,630	93,524	34,067	295,221
Total expenses	$ 1,545,953	$ 217,134	$ 96,850	$ 1,859,937

Interise, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
Change in net assets	$ 62,733	$ 331,850
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Bad debt expense	3,915	-
Depreciation expense	225	-
Changes in assets and liabilities:		
Increase in accounts receivable	(53,317)	(222,528)
(Increase) decrease in prepaid expenses	(18,175)	2,949
Increase in deposits	(22,925)	-
(Decrease) increase in accounts payable	(17,841)	52,114
Increase (decrease) in accrued expenses	1,577	(14,340)
(Decrease) increase in payroll liabilities	(3,371)	2,781
(Decrease) increase in deferred revenue	(53,798)	83,298
Net cash (used) provided by operating activities	(100,977)	236,124
Cash flows from investing activities		
Purchase of property and equipment	(9,119)	-
Net cash used by investing activities	(9,119)	-
Net (decrease) increase in cash and cash equivalents	(110,096)	236,124
Cash and cash equivalents at Beginning of Year	573,402	337,278
Cash and cash equivalents at End of Year	$ 463,306	$ 573,402

Supplemental cash flow information:

	2012	2011
Interest paid	$ -	$ -
Taxes paid	$ -	$ -

See accompanying auditor's report and notes.

Note 1 - Organization

Interise, Inc. ("Interise") is a non-profit organization that stimulates economic revitalization in lower income urban communities by providing a diverse group of small business owners with entrepreneurial education, new networks, and access to markets, which creates jobs, grows businesses, and develops community leaders.

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 accrual method, income and expenses are recognized when earned or accrued.

Basis of Presentation
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification ("ASC") 958-205, "*Presentation of Financial Statements*." Under ASC 958-205, Interise is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, Interise is required to present a statement of cash flows.

Concentration of Credit Risk
Interise places its cash and equivalents with high quality financial institutions. At times, such amounts may exceed Federal Deposit Insurance Commission ("FDIC") insurance limits. Management routinely assesses the financial strength of the institutions and believes credit risk to be minimal.

Cash and Cash Equivalents
For the purpose of reporting cash flows, Interise considers demand deposits, money market accounts and all other investments with an original maturity of three months or less to be cash and cash equivalents.

Accounts Receivable
Revenue is accounted for at established rates on the accrual basis, less an allowance for contractual, charitable, and other arrangements for services provided at less than established rates. Interise's policy is to not accrue interest on trade receivables. Interise records its accounts receivable at the outstanding principal amount less an allowance for doubtful accounts. On a periodic basis, Interise evaluates its accounts receivable and establishes an allowance for doubtful accounts based on the history of past write-offs, collections, and current credit conditions. As of December 31, 2012 and 2011, there was no allowance for doubtful accounts as management considered all amounts to be fully collectible.

Note 2 - Summary of Significant Accounting Policies (continued)

Property and Equipment

Interise capitalizes major purchases of property and equipment (with a cost of $1,000 or more), which are not in the nature of replacements or repairs. Minor equipment purchases, replacements, maintenance, and repairs are charged to expense as incurred.

Capitalized assets are recorded at cost if purchased or constructed, or at fair market value at the date of the gift, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets capitalized.

Classification of Net Assets

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

Unrestricted Net Assets
Unrestricted net assets comprise those assets upon which donors have placed no restrictions on expenditure of the principal or income subject to the approval of Interise's Board of Directors.

Temporarily Restricted Net Assets
Net assets subject to donor imposed stipulations that may or will be met, either by actions of Interise and/or the passage of time are classified as temporarily restricted net assets. 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
Permanently restricted net assets comprise those assets contributed to Interise that are to remain in perpetuity as permanent assets of Interise. Generally, all income and unrealized and realized net gains on investments related to these net assets are classified as temporarily restricted and released to unrestricted net assets as Interise appropriates its annual spending amount. As of December 31, 2012 and 2011, Interise had no permanently restricted net assets.

Revenue Recognition

Contracts are recognized as revenue upon performance of reimbursable activities. In some cases, the contracts have been restricted by the funding source as being only available for use in specific programs. The funds received under government contracts are normally expended as received and are recorded together with other unrestricted contracts. Other funds received are recorded as deferred revenue until expended.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)
Interise follows ASC 958-605, "*Revenue Recognition*." In accordance with ASC 958-605, contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support and increase those net asset classes.

Expense Allocation
Expenses are allocated among program and supporting services directly or based on time records and utilization estimates made by Interise's management. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for overall support and direction of Interise.

Income Taxes and Uncertain Tax Positions
Interise has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3) and is, therefore, generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided for in the accompanying financial statements.

ASC 740-10, "*Income Taxes*," requires Interise to evaluate and disclose tax positions that could have an effect on Interise's financial statements. Interise reports its activities to the Internal Revenue Service and to the Commonwealth of Massachusetts on an annual basis. These informational returns are generally subject to audit and review by the governmental agencies for a period of three years after filing. Substantially all of Interise's income, expenditures and activities relate to its exempt purpose, therefore, management has determined that Interise is not subject to unrelated business income taxes and will continue to qualify as a tax-exempt not-for-profit entity.

Use of Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications
During 2012, certain amounts from the prior year financial statements were reclassified to conform to the current year's presentation.

Note 3 - Concentrations

Interise derives a substantial portion of its revenue from one agency. During the year ended December 31, 2012, revenue from the agency aggregated $1,189,306, or 56% of total revenue. During the year ended December 31, 2011, revenue from the agency aggregated $1,300,775, or 59% of total revenue. As of December 31, 2012, amounts due from the agency included in accounts receivable were 244,092, or 66% of total accounts receivable. As of December 31, 2011, amounts due from the agency included in accounts receivable were 251,315, or 79% of total accounts receivable.

Note 4 - Property and Equipment

Property and equipment consisted of the following as of December 31, 2012 and 2011:

	2012	2011
Furniture	$ 9,119	$ -
Less: Accumulated depreciation	(225)	-
Property and equipment - net	$ 8,894	$ -

Depreciation expense was $225 for the year ended December 31, 2012. There was no depreciation expense for the year ended December 31, 2011.

Note 5 – Board-Designated Net Assets

Board-designated net assets consist of funds designated by the Board of Directors for use as an operating reserve. Board designated net assets totaled $120,000 and $90,000 for the years ended December 31, 2012 and 2011, respectively.

Note 6 – Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of funds restricted for the following purposes as of December 31, 2012 and 2011:

	2012	2011
To support national expansion	$ 100,000	$ 100,000
To support activities for women, minorities and immigrants	75,000	75,000
To support activities in Boston, MA	60,000	-
Total temporarily restricted net assets	$ 235,000	$ 175,000

Note 7 – Contract Revenue

Included in contract revenue is the following funding from public sources:

	2012	2011
Small Business Administration	$ 1,189,306	$ 1,300,775
US Department of Agriculture	37,500	-
Commonwealth of Massachusetts	-	73,500
University of Massachusetts-Lowell	-	44,000
Total contract revenue	$ 1,226,806	$ 1,418,275

Interise receives funding from these contracts to assist in administrating its programs. These contracts are subject to possible audit by the appropriate agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of Interise as of December 31, 2012 and 2011 or on the change in its net assets for the years then ended.

Note 8 – In-Kind Contributions

Grants and contributions include in-kind services provided by a law firm consulting on licensing contracts. The estimated fair values of the legal services have been recorded as in-kind contributions and an equal expense amount has been recorded as contract services. During the years ended December 31, 2012 and 2011, in-kind consulting services provided were $39,171 and $36,919, respectively.

During the year ended December 31, 2012, the Organization received a donation of furniture. The cost of the furniture in the amount of $1,044 has been recorded as an in-kind contribution and an equal amount has been capitalized as property and equipment. There were no in-kind contributions of property and equipment during the year ended December 31, 2011.

Note 9 – Retirement Plan

The Organization maintains a pretax 403(b) salary reduction plan available to all eligible employees. The plan is qualifies as a tax sheltered annuity plan under Section 403(b) of the Internal Revenue Code. The Organization is not required to make any contributions to the plan nor is it responsible for the account balances of plan participants. There were no administration fees paid during the years ended December 31, 2012 and 2011.

Note 10 - Leases

Interise leases various facilities in Massachusetts under operating leases. Rent expense under all leases amounted to $51,217 and $48,267 for the years ended December 31, 2012 and 2011, respectively. Minimum future rental payments are as follows:

December 31st	
2013	$ 83,867
2014	87,267
2015	90,667
2016	94,067
2017	80,750
Total	$ 436,618

Note 11 – Related Party Transactions

During the year ended December 31, 2011, Interise purchased computer equipment and repair services in the amount of $2,614 from a technology service provider owned by a member of the Board of Directors. For the year ended December 31, 2012, there were no related party transactions.

Note 12 – Subsequent Events

ASC 855-10, "Subsequent Events," defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, Interise's management has evaluated events subsequent from December 31, 2012 through April 18, 2013, which is the date the financial statements were available to be issued. There has been no material event noted during this period that would either impact the results reflected in this report or Interise's results going forward.

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 Directors of
Interise, Inc.

We have audited, in accordance with the 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, the financial statements of Interise, Inc. which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Interise, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Interise, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Interise, Inc.'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Interise, Inc.'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.

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Compliance and Other Matters
As part of obtaining reasonable assurance about whether Interise, Inc.'s financial statements are free from 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Interise, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Interise, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anstiss + Co, P.C.

Anstiss & Co., PC
Lowell, MA
April 18, 2013

Report on Compliance For Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

To the Board of Directors of
Interise, Inc.

Report on Compliance for Major Federal Program
We have audited Interise, Inc.'s compliance with the types of compliance requirements described in *the OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Interise, Inc.'s major federal program for the year ended December 31, 2012. Interise, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance of Interise, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Interise, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Interise, Inc.'s compliance.

Opinion on Major Federal Program

In our opinion, Interise, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of Interise, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Interise, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Interise, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Interise, Inc. as of and for the year ended December 31, 2012, and have issued our report thereon dated April 18, 2013, which contained an unmodified opinion on those financial statements. 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 awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Anstiss + Co. P.C.

Anstiss & Co., PC
Lowell, MA
April 18, 2013

Interise, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

• Material weakness(es) identified?	____ yes	✓ no
• Significant deficiency(ies) identified?	____ yes	✓ none reported
• Noncompliance material to financial statements noted?	____ yes	✓ none reported

Federal Awards

Internal control over major program:

• Material weakness(es) identified?	____ yes	✓ no
• Significant deficiency(ies) identified?	____ yes	✓ none reported

Type of auditor's report issued on compliance for major program: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	____ yes	✓ no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
59.007	7(j) Technical Assistance

Dollar threshold used to distinguish between type A and type B programs:	$300,000	
Auditee qualified as low-risk auditee?	✓ yes	____ no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Interise, Inc.
Schedule of Expenditures of Federal Awards
December 31, 2012

	CFDA Number	Contract Number	Federal Expenditures
Small Business Administration			
* 7(j) Technical Assistance	59.007	SBAHQ-10-C-0050	29,655
		SBAHQ-10-C-0049	31,183
		SBAHQ-11-C-0022	1,100,306
		SBAHQ-12-C-0027	28,162
Total Small Business Administration			1,189,306
US Department of Agriculture			
ARRA - Rural Business Enterprise Grants	10.783		37,500
Total US Department of Agriculture			37,500
Total Expenditures of Federal Awards			$ 1,226,806

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Interise, Inc. under programs of the federal government for the year ended December 31, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Interise, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Interise, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are

* Major program