

**ON THE RISE, INC.**

**FINANCIAL STATEMENTS**

*with*

**INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

Smith  Sullivan  
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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**ON THE RISE, INC.**  
**REPORT ON FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

***Mission Statement***

*On The Rise creates a community where women have the relationships, safety and resources they need to move out of homelessness. We engage with those most in need and support their initiative and strength as they move beyond crisis and discover new possibilities.*

ON THE RISE, INC.  
REPORT ON FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2013 AND 2012

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
On The Rise, Inc.  
Cambridge, Massachusetts

We have audited the accompanying financial statements of On The Rise, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, 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 misstatement, 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. Those 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 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 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 On The Rise, Inc. as of December 31, 2013 and 2012 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.

To the Board of Directors  
On The Rise, Inc.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2014 on our consideration of On The Rise, 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 On The Rise, Inc.'s internal control over financial reporting and compliance.

*Smith, Sullivan & Brown, P.C.*

Westborough, Massachusetts  
June 3, 2014

ON THE RISE, INC.  
STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2013 AND 2012

<u>ASSETS</u>	2013			2012		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>CURRENT ASSETS:</u>						
Cash	\$ 513,784	\$ -	\$ 513,784	\$ 511,707	\$ -	\$ 511,707
Grants Receivable, Current	-	70,000	70,000	-	20,000	20,000
Contracts Receivable	42,452	-	42,452	20,833	-	20,833
Prepaid Expenses	10,863	-	10,863	7,539	-	7,539
Total Current Assets	567,099	70,000	637,099	540,079	20,000	560,079
 <u>NET PROPERTY AND EQUIPMENT</u>	 944,355	 -	 944,355	 973,475	 -	 973,475
 <u>NON-CURRENT ASSETS:</u>						
Grants Receivable, Non-current	-	50,000	50,000	-	20,000	20,000
Investments	418,770	360,394	779,164	322,976	339,629	662,605
Total Non-Current Assets	418,770	410,394	829,164	322,976	359,629	682,605
 <u>TOTAL ASSETS</u>	 \$ 1,930,224	 \$ 480,394	 \$ 2,410,618	 \$ 1,836,530	 \$ 379,629	 \$ 2,216,159
 <u>LIABILITIES AND NET ASSETS</u>						
<u>CURRENT LIABILITIES:</u>						
Accounts Payable and Accrued Expenses	\$ 25,008	\$ -	\$ 25,008	\$ 30,892	\$ -	\$ 30,892
Accrued Payroll and Related Costs	17,465	-	17,465	13,600	-	13,600
Total Current Liabilities	42,473	-	42,473	44,492	-	44,492
 <u>NET ASSETS:</u>						
Unrestricted:						
Operating	524,626	-	524,626	495,587	-	495,587
Board Designated	418,770	-	418,770	322,976	-	322,976
Property and Equipment	944,355	-	944,355	973,475	-	973,475
Total Unrestricted Net Assets	1,887,751	-	1,887,751	1,792,038	-	1,792,038
Temporarily Restricted Net Assets	-	480,394	480,394	-	379,629	379,629
Total Net Assets	1,887,751	480,394	2,368,145	1,792,038	379,629	2,171,667
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 \$ 1,930,224	 \$ 480,394	 \$ 2,410,618	 \$ 1,836,530	 \$ 379,629	 \$ 2,216,159

ON THE RISE, INC.

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013			2012		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>						
<i>Support:</i>						
Grants and Contributions	\$ 530,678	\$ 105,000	\$ 635,678	\$ 538,766	\$ 59,000	\$ 597,766
Special Event Revenue, Net of Direct Costs	152,013	-	152,013	158,293	-	158,293
Donated Goods and Services	80,009	-	80,009	84,416	-	84,416
Total Support	<u>762,700</u>	<u>105,000</u>	<u>867,700</u>	<u>781,475</u>	<u>59,000</u>	<u>840,475</u>
<i>Revenues:</i>						
Contract Service Revenue	258,949	-	258,949	242,032	-	242,032
Interest and Dividend Income	1,267	-	1,267	1,423	-	1,423
Total Revenues	<u>260,216</u>	<u>-</u>	<u>260,216</u>	<u>243,455</u>	<u>-</u>	<u>243,455</u>
<i>Reclassification of Net Assets:</i>						
Satisfaction of Donor Restrictions	66,967	(66,967)	-	46,944	(46,944)	-
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>1,089,883</u></b>	<b><u>38,033</u></b>	<b><u>1,127,916</u></b>	<b><u>1,071,874</u></b>	<b><u>12,056</u></b>	<b><u>1,083,930</u></b>
<b><u>FUNCTIONAL EXPENSES:</u></b>						
<i>Program Services:</i>						
Keep the Keys/Safe Haven	671,860	-	671,860	681,346	-	681,346
Community Outreach and Education	120,566	-	120,566	119,750	-	119,750
Total Program Services	<u>792,426</u>	<u>-</u>	<u>792,426</u>	<u>801,096</u>	<u>-</u>	<u>801,096</u>
<i>Supporting Services:</i>						
Administrative	118,161	-	118,161	121,304	-	121,304
Fund Raising	144,541	-	144,541	139,779	-	139,779
Total Supporting Services	<u>262,702</u>	<u>-</u>	<u>262,702</u>	<u>261,083</u>	<u>-</u>	<u>261,083</u>
<b><u>TOTAL FUNCTIONAL EXPENSES</u></b>	<b><u>1,055,128</u></b>	<b><u>-</u></b>	<b><u>1,055,128</u></b>	<b><u>1,062,179</u></b>	<b><u>-</u></b>	<b><u>1,062,179</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>						
<b><u>BEFORE INVESTMENT ACTIVITY</u></b>	<b><u>34,755</u></b>	<b><u>38,033</u></b>	<b><u>72,788</u></b>	<b><u>9,695</u></b>	<b><u>12,056</u></b>	<b><u>21,751</u></b>
<b><u>INVESTMENT ACTIVITY:</u></b>						
Realized and Unrealized Investment Gains	60,958	60,041	120,999	-	29,247	29,247
Interest and Dividends, Net of Fees	-	2,691	2,691	-	4,630	4,630
Net Investment Activity	60,958	62,732	123,690	-	33,877	33,877
<b><u>TOTAL CHANGE IN NET ASSETS</u></b>	<b><u>95,713</u></b>	<b><u>100,765</u></b>	<b><u>196,478</u></b>	<b><u>9,695</u></b>	<b><u>45,933</u></b>	<b><u>55,628</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>1,792,038</u></b>	<b><u>379,629</u></b>	<b><u>2,171,667</u></b>	<b><u>1,782,343</u></b>	<b><u>333,696</u></b>	<b><u>2,116,039</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 1,887,751</u></b>	<b><u>\$ 480,394</u></b>	<b><u>\$ 2,368,145</u></b>	<b><u>\$ 1,792,038</u></b>	<b><u>\$ 379,629</u></b>	<b><u>\$ 2,171,667</u></b>

ON THE RISE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	KEEP THE KEYS/ SAFE HAVEN	COMMUNITY OUTREACH AND EDUCATION	TOTAL PROGRAM SERVICES	ADMINIS- TRATIVE	FUND RAISING	TOTAL SUPPORTING SERVICES	
<b><u>PERSONNEL AND RELATED COSTS:</u></b>							
Salaries	\$ 367,776	\$ 87,604	\$ 455,380	\$ 61,221	\$ 91,187	\$ 152,408	\$ 607,788
Payroll Taxes	34,113	7,321	41,434	5,338	8,202	13,540	54,974
Fringe Benefits	49,497	4,278	53,775	2,138	5,669	7,807	61,582
Total Personnel and Related Costs	<u>451,386</u>	<u>99,203</u>	<u>550,589</u>	<u>68,697</u>	<u>105,058</u>	<u>173,755</u>	<u>724,344</u>
<b><u>OCCUPANCY:</u></b>							
Repairs and Maintenance	36,348	3,181	39,529	2,726	3,181	5,907	45,436
Depreciation Expense	27,869	2,439	30,308	2,089	2,439	4,528	34,836
Utilities	8,243	721	8,964	618	721	1,339	10,303
Property Insurance	2,024	338	2,362	307	399	706	3,068
Small Equipment and Furnishings	1,718	150	1,868	129	150	279	2,147
Total Occupancy	<u>76,202</u>	<u>6,829</u>	<u>83,031</u>	<u>5,869</u>	<u>6,890</u>	<u>12,759</u>	<u>95,790</u>
<b><u>OTHER EXPENSES:</u></b>							
Client Assistance	99,858	-	99,858	-	-	-	99,858
Legal and Accounting	9,957	1,838	11,795	34,870	1,838	36,708	48,503
Technology Services and Supplies	16,812	3,104	19,916	2,845	3,104	5,949	25,865
Printing and Postage	2,119	7,189	9,308	358	5,378	5,736	15,044
Professional Fees	1,784	329	2,113	1,802	1,429	3,231	5,344
Insurance	4,007	775	4,782	2,371	714	3,085	7,867
Fund Raising Volunteers and Expenses	-	-	-	-	18,499	18,499	18,499
Office Supplies	2,232	412	2,644	412	377	789	3,433
Telephone	3,790	332	4,122	283	332	615	4,737
Recruitment and Training	2,851	30	2,881	654	214	868	3,749
Miscellaneous	862	525	1,387	-	708	708	2,095
Total Other Expenses	<u>144,272</u>	<u>14,534</u>	<u>158,806</u>	<u>43,595</u>	<u>32,593</u>	<u>76,188</u>	<u>234,994</u>
<b>Total Functional Expenses</b>	<b><u>\$ 671,860</u></b>	<b><u>\$ 120,566</u></b>	<b><u>\$ 792,426</u></b>	<b><u>\$ 118,161</u></b>	<b><u>\$ 144,541</u></b>	<b><u>\$ 262,702</u></b>	<b><u>\$ 1,055,128</u></b>



ON THE RISE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2012

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	KEEP THE KEYS/ SAFE HAVEN	COMMUNITY OUTREACH AND EDUCATION	TOTAL PROGRAM SERVICES	ADMINIS- TRATIVE	FUND RAISING	TOTAL SUPPORTING SERVICES	
<b><u>PERSONNEL AND RELATED COSTS:</u></b>							
Salaries	\$ 361,878	\$ 76,041	\$ 437,919	\$ 56,380	\$ 90,098	\$ 146,478	\$ 584,397
Payroll Taxes	32,749	6,610	39,359	4,883	8,067	12,950	52,309
Fringe Benefits	67,432	15,696	83,128	1,851	5,697	7,548	90,676
Total Personnel and Related Costs	<u>462,059</u>	<u>98,347</u>	<u>560,406</u>	<u>63,114</u>	<u>103,862</u>	<u>166,976</u>	<u>727,382</u>
<b><u>OCCUPANCY:</u></b>							
Repairs and Maintenance	25,719	2,250	27,969	1,929	2,250	4,179	32,148
Depreciation Expense	31,248	2,734	33,982	2,344	2,734	5,078	39,060
Utilities	7,166	627	7,793	538	627	1,165	8,958
Property Insurance	2,024	338	2,362	307	399	706	3,068
Small Equipment and Furnishings	2,064	181	2,245	155	181	336	2,581
Total Occupancy	<u>68,221</u>	<u>6,130</u>	<u>74,351</u>	<u>5,273</u>	<u>6,191</u>	<u>11,464</u>	<u>85,815</u>
<b><u>OTHER EXPENSES:</u></b>							
Client Assistance	102,199	-	102,199	-	-	-	102,199
Legal and Accounting	11,261	1,877	13,138	34,048	2,218	36,266	49,404
Technology Services and Supplies	17,914	3,026	20,940	2,714	3,528	6,242	27,182
Printing and Postage	2,168	7,361	9,529	329	7,184	7,513	17,042
Professional Fees	1,661	277	1,938	252	327	579	2,517
Insurance	4,331	721	5,052	2,243	853	3,096	8,148
Fund Raising Volunteers and Expenses	-	-	-	-	10,055	10,055	10,055
Miscellaneous	1,893	-	1,893	12,426	3,507	15,933	17,826
Office Supplies	2,668	445	3,113	404	525	929	4,042
Telephone	3,771	330	4,101	283	330	613	4,714
Recruitment and Training	2,820	-	2,820	172	933	1,105	3,925
Other Event Expenses	-	1,236	1,236	20	238	258	1,494
Travel	380	-	380	26	28	54	434
Total Other Expenses	<u>151,066</u>	<u>15,273</u>	<u>166,339</u>	<u>52,917</u>	<u>29,726</u>	<u>82,643</u>	<u>248,982</u>
<b>Total Functional Expenses</b>	<b><u>\$ 681,346</u></b>	<b><u>\$ 119,750</u></b>	<b><u>\$ 801,096</u></b>	<b><u>\$ 121,304</u></b>	<b><u>\$ 139,779</u></b>	<b><u>\$ 261,083</u></b>	<b><u>\$ 1,062,179</u></b>

ON THE RISE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ 196,478	\$ 55,628
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Depreciation Expense	34,836	39,060
Donated Stock	(2,379)	(10,020)
Investment Gains	(120,999)	(29,247)
Interest and Dividends	(1,266)	(6,053)
<i>(Increase) Decrease in Current Assets:</i>		
Grants Receivable	(50,000)	(20,000)
Contracts Receivable	(21,619)	873
Prepaid Expenses	(3,324)	3,550
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(5,884)	21,507
Accrued Payroll and Related Costs	3,865	5,328
<i>(Increase) Decrease in Non-Current Assets:</i>		
Grants Receivable	(30,000)	(20,000)
Net Adjustment	(196,770)	(15,002)
<b><u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>	<b><u>(292)</u></b>	<b><u>40,626</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchases of Investments	(2,449)	(7,648)
Proceeds from Sale of Investments	3,818	12,765
Reclassification of Cash from (to) Investments	5,449	(30,966)
Acquisition of Property and Equipment	(5,715)	(1,671)
Interest and Dividends	1,266	6,053
Net Cash Flows from Investing Activities	<u>2,369</u>	<u>(21,467)</u>
<b><u>NET INCREASE IN CASH BALANCES</u></b>	<b><u>2,077</u></b>	<b><u>19,159</u></b>
<b><u>CASH BALANCES - BEGINNING OF YEAR</u></b>	<b><u>511,707</u></b>	<b><u>492,548</u></b>
<b><u>CASH BALANCES - END OF YEAR</u></b>	<b><u>\$ 513,784</u></b>	<b><u>\$ 511,707</u></b>
<i>Supplemental Disclosures :</i>		
Interest Paid	\$ -	\$ -
Income Tax Paid	\$ -	\$ -

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

NOTE 1     ORGANIZATION

On The Rise, Inc. (“On The Rise”, “OTR” or the “Organization”) was incorporated in 1995 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. On The Rise, Inc. has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2     PROGRAM SERVICES

**Keep the Keys/Safe Haven Program:**

OTR's core programming provides tangible aid and long-term, broad-based support to women, starting when they are homeless or in crisis.

**Safe Haven:**

Through comprehensive daytime direct services, OTR engages and annually assists approximately 400 severely disenfranchised women, providing emotional, practical, and professional support that helps the women achieve and sustain extraordinary accomplishments - from improving health, to getting jobs, to finding housing. The goals of the program are to:

Goal 1: Provide a safe space six days a week where women can find practical necessities and a supportive community to begin to explore the steps they need to take to move out of homelessness and increase their quality of life.

Goal 2: Provide advice, assistance, accompaniment and advocacy for women addressing housing, abuse, trauma, physical/mental health, legal, and other urgent needs and issues.

Goal 3: Ease women’s access to and transition into specialized and single-issue programs and eventually out of homelessness.

OTR relies on a collaborative network with approximately fifty other human service providers. This network helps the program facilitate a woman’s access and success in programs such as battered women’s services, detoxification programs, emergency and transitional shelters and housing, legal and healthcare services, and more. OTR does not duplicate other services, but fills in the cracks to make the whole system work better for women who need it the most.

Many women at OTR must cope with complex physical and mental health conditions. A program participant’s struggle often is complicated by the fact that she cannot set a daily routine, she has no sense of place in a family or in a community, and she has little control over when and what she eats, where she can sleep, and other basic survival needs. Health Access and Wellness activities in the Safe Haven break down barriers to healthcare by facilitating access to emergency, primary and preventative healthcare through referrals, support, accompaniment and advocacy with women at community health centers, hospitals and other services. These and other strengths-based group and individual activities are critical components of OTR’s success.

**Keep the Keys:**

OTR has helped many homeless women move into housing of their own; however, women continue to struggle with addiction, mental health, parenting, financial, employment, legal, and other challenges after they have moved into housing, and they face the new responsibilities of independent living.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

*(Continued)*

NOTE 2     *(Continued)*

Participants in the Keep the Keys Program maintain their connections with OTR staff and receive a range of services designed to support housing retention and to help women build the neighborhood connections and independent living skills they need to sustain their quality of life. Services include home visits, goal-setting, training in life skills, weekly meetings and gatherings at OTR and limited access to the Safe Haven.

**The Community Outreach and Education Program:**

Integral to OTR's mission is its responsibility to raise awareness and facilitate public discourse about the most vexing social issues that affect the women who participate in OTR's programs. Through the Community Outreach and Education Program, OTR informs the broader community about the interplay of homelessness, trauma, mental illness, addiction, and domestic violence, and helps individuals and groups participate in creating a safe, supportive space for women as they reintegrate back into the community.

NOTE 3     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Organization. The following policies should be read in conjunction with the accompanying notes to the financial statements.

**Basis of Accounting:**

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

**Fair Value of Financial Instruments:**

The Organization reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; observable inputs other than quoted prices for the asset or liability (for example, interest rate and yield curves); and inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

*(Continued)*

NOTE 3     *(Continued)*

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The primary use of fair value measures in the Organization's financial statements is the recurring measurement of its money market funds, certificates of deposit and equity securities. There have been no changes to this valuation methodology.

**Financial Statement Presentation:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization reports 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. These classifications are related to the existence or absence of donor-imposed restrictions as listed below:

*Unrestricted Net Assets* - consists of assets, public support and program revenues which are available and used for operations, programs, and capital expenditures. Unrestricted net assets represents the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization includes funds which represent unrestricted resources designated by the Board of Directors for specific purposes.

*Temporarily Restricted Net Assets* - includes funds with donor-imposed restrictions which permit the Organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

*Permanently Restricted Net Assets* - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. For the years presented, the Organization did not have any assets of this nature.

**Grants Receivable:**

As of December 31, 2013 and 2012, *Grants Receivable* represents amounts due from two foundations and one foundation, respectively, under multi-year grant commitments. Amounts are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. As of December 31, 2013 all non-current grants receivable are due in 2015 and as of December 31, 2012, all non-current grants receivable were due in 2014. Grants with expected payment dates that extend beyond one year are discounted to their present value when considered material. These amounts are considered fully collectible; accordingly, these financial statements do not contain a provision for uncollectible receivables from grants. If amounts owed become uncollectible, they will be charged to activities when that determination is made. There were no uncollected grants for the years presented.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

NOTE 3 (Continued)

**Contracts Receivable:**

As of December 31, 2013 and 2012, *Contracts Receivable* consist of amounts due from the Commonwealth of Massachusetts in connection with purchase-of-service contracts and are considered fully collectible. These financial statements do not contain a provision for uncollectible *Contracts Receivable*; therefore, if accounts become uncollectible, as determined by Management, they will be charged to expense when that determination is made. There were no bad debts for the years presented.

**Property and Equipment:**

Property, equipment, furnishing and improvement purchases in excess of \$1,000 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged against income over the estimated useful lives of the assets, as expressed in terms of years.

**Investments:**

The Organization maintains an investment portfolio which includes money market funds, equity securities, cash and certificates of deposit. As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, investments are reported at their fair value and all money market funds and equity securities held by OTR are classified within Level 1 of the fair value hierarchy. Certificates of deposits are valued at cost plus accrued interest. The Organization reports the investments' net realized and unrealized gains and losses at each reporting date in the Statement of Activities. Investments are reported in the Statements of Financial Position as long-term assets based on OTR's intent with respect to the use of investments. Investment return is classified as operating and non-operating based on the classification of the funds which produce the income.

**Contributions, Gifts and Grants:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, contributions are required be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

NOTE 3 (Continued)

**In-Kind Goods and Services:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization maintains a policy whereby the value of the donated goods and services which create or enhance nonfinancial assets; require a specialized skill; and/or which would have otherwise been purchased by the Organization are recognized as revenue and expense on the Statement of Activities and are listed as expenses on the Statement of Functional Expenses.

**Contract Revenue Recognition:**

OTR is the recipient of government funded service contracts which are subject to an annual renewal process. Future funding is not automatically guaranteed. These contracts are administered on either a cost reimbursement basis or on a unit-of-service basis; accordingly, the funding sources are billed as eligible costs are incurred or units of service are provided, and program service revenues along with the related receivables are recorded in the period during which the costs were incurred and services were delivered.

**Functional Expenses:**

On The Rise, Inc. allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated according to the Organization's cost allocation plan as well as other payroll and level-of-effort based formulas. Supporting services are those related to operating and managing On The Rise, Inc. and its programs on a day-to-day basis.

Supporting services have been sub-classified as follows:

*Administrative* - includes all activities related to On The Rise, Inc.'s internal management and accounting for program services.

*Fund Raising* - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for On The Rise, Inc.'s programs. Fund raising expenses presented in this accompanying Statement of Functional Expenses include the indirect costs of special fund raising events, while direct event costs are netted against the event proceeds. For the years ended December 31, 2013 and 2012, total fund raising expenses, including both direct and indirect event costs, were \$203,210 and \$219,009, respectively.

**Tax Position:**

The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation. All tax periods prior to 2010 are no longer subject to examination by tax authorities.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

NOTE 4    PROPERTY AND EQUIPMENT

A following is a summary of the Organization's property and equipment as of December 31, 2013 and 2012:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2013</u>
Land	-	\$ 298,326	\$ -	\$298,326
Building	40	696,094	240,080	456,014
Building Improvements	10 - 40	274,032	97,774	176,258
Office and Program Equipment	3 - 7	<u>66,267</u>	<u>52,510</u>	<u>13,757</u>
Total		<u>\$1,334,719</u>	<u>\$390,364</u>	<u>\$944,355</u>

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2012</u>
Land	-	\$ 298,326	\$ -	\$298,326
Building	40	696,094	222,678	473,416
Building Improvements	10 - 40	274,032	88,952	185,080
Office and Program Equipment	3 - 7	<u>60,551</u>	<u>43,898</u>	<u>16,653</u>
Total		<u>\$1,329,003</u>	<u>\$355,528</u>	<u>\$973,475</u>

NOTE 5    INVESTMENTS

As of December 31, 2013 and 2012, OTR's investment portfolio consists of the following:

<u>Investment Type</u>	<u>December 31, 2013</u>					
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value Level 1</u>	<u>Fair Value Level 2</u>	<u>Total Fair Value</u>
Cash	\$25,517	\$ -	\$ -	\$25,517	\$ -	\$25,517
Money Market Funds	11,251	-	-	11,251	-	11,251
Equity Securities	297,487	144,551	-	442,038	-	442,038
Certificates of Deposit	<u>300,000</u>	<u>358</u>	<u>-</u>	<u>-</u>	<u>300,358</u>	<u>300,358</u>
Totals	<u>\$634,255</u>	<u>\$144,909</u>	<u>\$ -</u>	<u>\$478,806</u>	<u>\$300,358</u>	<u>\$779,164</u>

<u>Investment Type</u>	<u>December 31, 2012</u>					
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value Level 1</u>	<u>Fair Value Level 2</u>	<u>Total Fair Value</u>
Cash	\$ 30,966	\$ -	\$ -	\$ 30,966	\$ -	\$30,966
Money Market Funds	86,716	-	-	86,716	-	86,716
Equity Securities	265,094	59,829	-	324,923	-	324,923
Certificates of Deposit	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>220,000</u>	<u>220,000</u>
Totals	<u>\$602,776</u>	<u>\$59,829</u>	<u>\$ -</u>	<u>\$442,605</u>	<u>\$220,000</u>	<u>\$662,605</u>



ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

*(Continued)*

NOTE 5     *(Continued)*

The Organization uses the following ways to determine the fair value of its investments:

Money Market funds: Determined by the published net asset value per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

Equity securities traded on national securities exchanges: Determined by the closing price on the last business day of the fiscal year.

Investment gains and losses consist of the following:

	<u>2013</u>	<u>2012</u>
Net Unrealized Gains on Investments	\$ 85,080	\$16,576
Net Realized Gains on Investments	<u>35,919</u>	<u>12,671</u>
Total	<u>\$120,999</u>	<u>\$29,247</u>

NOTE 6     TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS

**Temporarily Restricted Net Assets:**

As of December 31, 2013 and 2012, temporarily restricted net assets consisted of the following balances:

<u>Nature of Restriction</u>	<u>2013</u>	<u>2012</u>
Capital Campaign - Maintenance	\$348,894	\$318,129
Safe Haven Program	11,500	20,750
Time Restricted	120,000	40,000
Street Outreach Collaboration	-	750
Total	<u>\$480,394</u>	<u>\$379,629</u>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

(Continued)

NOTE 6 (Continued)

For the years presented, net assets were released from restriction for the following programs and purposes:

<u>Nature of Restriction</u>	<u>2013</u>	<u>2012</u>
Program Restrictions:		
Safe Haven	\$14,250	\$25,250
Street Outreach Collaboration	750	2,250
Time Restrictions	20,000	-
Other Restrictions:		
Capacity-Building Technology	3,864	1,673
Property Maintenance	<u>28,103</u>	<u>17,771</u>
Total Net Assets Released	<u>\$66,967</u>	<u>\$46,944</u>

Temporarily restricted investment income relates to Capital Campaign - Maintenance net assets, which are included in temporarily restricted net assets.

**Board Designated Net Assets:**

For the years presented, Board Designated Net Assets reflects unrestricted funds designated by the Board of Directors for the following purposes:

<u>Nature of Designation</u>	<u>2013</u>	<u>2012</u>
Property Maintenance Fund	<u>\$418,770</u>	<u>\$322,976</u>

NOTE 7 GOVERNMENT FUNDED CONTRACTS

**Commonwealth of Massachusetts – Department of Children and Families (“DCF”):**

OTR has a DCF contract under the Domestic Violence, Community Based Services program which is funded on a unit rate basis, with a maximum obligation of 2,728 hours and \$178,356 for the contract years ended June 30, 2014 and 2013. For the contract year ended June 30, 2012, the maximum obligation on the contract was \$173,845. The contract provides partial funding for direct care staff to provide non-residential support services as part of the Safe Haven program, including case management, referrals, counseling and advocacy. The DCF funds provide support for program participants who have been victims of domestic violence.

**Victims of Crime Act (VOCA) through Massachusetts Office for Victim Assistance (“MOVA”):**

OTR is a party to a cost-reimbursement contract through MOVA with a maximum obligation of \$85,276 for each of the contract years ended June 30, 2014 and 2013. The contract is billed quarterly and funds 1.725 FTE positions for FY 2014 and FY 2013, as approved in advance by MOVA.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

*(Continued)*

NOTE 8      SPECIAL FUND RAISING EVENT

Special event revenue is reflected on the Statement of Activities net of the direct costs of the event, while the indirect event costs are reported as fund raising expenses on the Statement of Functional Expenses. A summary of the annual fund raising dinner “*Prepare for Winter*” event is presented below:

	<u>2013</u>	<u>2012</u>
Contributions Received	\$135,159	\$134,973
Special Event Ticket Revenue	59,325	61,775
Donated Goods and Services	<u>16,198</u>	<u>40,775</u>
Gross Event Proceeds	210,682	237,523
Less: Direct Event Costs	<u>(58,669)</u>	<u>(79,230)</u>
Net Special Event Revenue	<u>\$152,013</u>	<u>\$158,293</u>

NOTE 9      DONATED GOODS AND SERVICES

For the years presented, the Organization recognized the following in-kind contributions in the financial statements:

<u>Description</u>	<u>2013</u>	<u>2012</u>
Client Assistance	\$40,854	\$46,806
Legal Fees	15,319	17,063
Printing and Postage	5,000	7,000
Repairs and Maintenance	1,830	5,845
Fund Raising Volunteers	7,170	6,335
Other Fund Raising Costs	4,487	-
Other	<u>5,349</u>	<u>1,367</u>
Total	<u>\$80,009</u>	<u>\$84,416</u>

In addition to these amounts, as disclosed in Note 8, \$16,198 and \$40,775 of donated goods and services were received for the annual fund raising dinner for the years ended December 31, 2013 and 2012, respectively.

OTR accepts contributions of personal items and clothing which would not otherwise be purchased and, therefore, are not reflected in the accompanying financial statements. The estimated fair value of these donations is \$20,159 and \$21,846 for the years ended December 31, 2013 and 2012, respectively.

NOTE 10      OPERATING LEASES

During 2009, OTR entered into a 60-month operating lease for a copier with monthly payments of \$400 that expires in 2014. The lease expense, which includes additional charges for extra copies, was approximately \$6,764 and \$5,730 for the years ended December 31, 2013 and 2012, respectively. The cost is included in *Technology Services and Supplies* in the accompanying Statements of Functional Expenses. As of December 31, 2013, the future lease obligation due in 2014 was \$3,198.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013

*(Continued)*

NOTE 11    EMPLOYEE BENEFIT PLAN

On The Rise, Inc. maintains a 403(b) retirement savings plan covering all eligible employees. The plan allows eligible employees of the Organization to defer a percentage of their earnings from current taxation by investing in mutual funds. As the plan consists only of employee deferrals, these financial statements do not report a pension expense.

NOTE 12    CONCENTRATIONS

**Cash and Investments:**

The Organization is subject to concentrations in credit risk relating primarily to cash and investments. For each of the years presented, the Organization's cash deposits and investments are each held in one financial institution. Cash deposits are insured by the Federal Deposit Insurance Corporation under the applicable limits. The Organization had \$241,942 and \$240,014 in excess of federally insured and other limits as of December 31, 2013 and 2012, respectively. The Organization invests in professionally managed money market, certificates of deposits and stocks. The Organization's investments are exposed to various risks, such as fluctuations in market value, and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances. The Organization's investment performance is reviewed by the Board of Directors on a periodic basis.

**Grants Receivable:**

As of December 31, 2013 and 2012, amounts due from one organization accounted for 83% and 100%, respectively, of *Grants Receivable*.

NOTE 13    SURPLUS REVENUE RETENTION

The Commonwealth of Massachusetts Operational Services Division ("OSD") regulates some aspects of programs that receive state funding, including components of On The Rise's Safe Haven and Keep the Keys programs. Under OSD guidance, (808 CMR 1.19(3), *Not-for-Profit Surplus Revenue Retention*), On The Rise may not retain a surplus in excess of five percent of state funding in any given year, and cumulative retained surplus must be less than 20% of On The Rise's state funding from the previous year. A deficit in state funding for these programs indicates that On The Rise supplements state revenue by funding a portion of program costs with funding from other sources, such as private individuals and foundations.

Following the guidelines established by the Commonwealth, On The Rise has calculated its Revenue Retention surplus (deficit) as \$(3,880) for the year ended December 31, 2013 with a cumulative surplus of \$(73,131) which includes calendar years 1997 through 2013. Management concludes that On The Rise is in compliance with OSD requirements.

NOTE 14    SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through June 3, 2014, the date which the financial statements were available for issue, and noted no events which met the criteria.