

ON THE RISE, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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ON THE RISE, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

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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

YEAR ENDED DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

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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 statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year 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 audit. 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. 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 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, 2016 and the changes in its net assets and its cash flows for the year 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 13, 2017 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.

Report on Summarized Information

We have previously audited On The Rise, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule on page 18 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.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
June 13, 2017

ON THE RISE, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 775,738	\$ 639,926
Grants and Pledges Receivable, Current	105,900	92,000
Contracts Receivable	52,347	34,489
Prepaid Expenses	15,203	20,307
Total Current Assets	<u>949,188</u>	<u>786,722</u>
<u>NET PROPERTY AND EQUIPMENT</u>	<u>934,113</u>	<u>924,584</u>
<u>NON-CURRENT ASSETS:</u>		
Grants and Pledges Receivable, Non-Current	15,000	31,500
Board Designated Cash	-	18,731
Investments	840,250	795,592
Total Non-Current Assets	<u>855,250</u>	<u>845,823</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,738,551</u>	<u>\$ 2,557,129</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 41,481	\$ 20,893
Accrued Payroll and Related Costs	12,556	9,291
Total Current Liabilities	<u>54,037</u>	<u>30,184</u>
<u>NET ASSETS:</u>		
Unrestricted:		
Operating	677,671	632,747
Board Designated	519,212	497,014
Property and Equipment	934,113	924,584
Total Unrestricted Net Assets	<u>2,130,996</u>	<u>2,054,345</u>
Temporarily Restricted Net Assets	553,518	472,600
Total Net Assets	<u>2,684,514</u>	<u>2,526,945</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,738,551</u>	<u>\$ 2,557,129</u>

ON THE RISE, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>			<u>2015</u>		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Support:</i>						
Grants and Contributions	\$ 454,700	\$ 300,560	\$ 755,260	\$ 516,935	\$ 203,591	\$ 720,526
Special Event Revenue Proceeds	270,537	-	270,537	229,961	-	229,961
Less: Event Costs	(82,144)	-	(82,144)	(80,885)	-	(80,885)
Donated Goods and Services	54,958	-	54,958	83,346	-	83,346
Total Support	<u>698,051</u>	<u>300,560</u>	<u>998,611</u>	<u>749,357</u>	<u>203,591</u>	<u>952,948</u>
<i>Revenues:</i>						
Contract Service Revenue	364,955	-	364,955	292,526	-	292,526
Interest Income	434	-	434	1,200	-	1,200
Total Revenues	<u>365,389</u>	<u>-</u>	<u>365,389</u>	<u>293,726</u>	<u>-</u>	<u>293,726</u>
<i>Reclassification of Net Assets:</i>						
Satisfaction of Donor Restrictions	241,860	(241,860)	-	178,914	(178,914)	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>1,305,300</u>	<u>58,700</u>	<u>1,364,000</u>	<u>1,221,997</u>	<u>24,677</u>	<u>1,246,674</u>
<u>EXPENSES AND LOSSES:</u>						
Program Services	896,096	-	896,096	820,035	-	820,035
Administrative	172,353	-	172,353	147,577	-	147,577
Fund Raising	177,783	-	177,783	188,716	-	188,716
Loss on Disposal of Property and Equipment	4,615	-	4,615	-	-	-
<u>TOTAL EXPENSES AND LOSSES</u>	<u>1,250,847</u>	<u>-</u>	<u>1,250,847</u>	<u>1,156,328</u>	<u>-</u>	<u>1,156,328</u>
<u>CHANGE IN NET ASSETS</u>						
<u>BEFORE INVESTMENT ACTIVITY</u>	<u>54,453</u>	<u>58,700</u>	<u>113,153</u>	<u>65,669</u>	<u>24,677</u>	<u>90,346</u>
Investment Activity	22,198	22,218	44,416	1,979	1,427	3,406
<u>TOTAL CHANGE IN NET ASSETS</u>	<u>76,651</u>	<u>80,918</u>	<u>157,569</u>	<u>67,648</u>	<u>26,104</u>	<u>93,752</u>
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>2,054,345</u>	<u>472,600</u>	<u>2,526,945</u>	<u>1,986,697</u>	<u>446,496</u>	<u>2,433,193</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 2,130,996</u>	<u>\$ 553,518</u>	<u>\$ 2,684,514</u>	<u>\$ 2,054,345</u>	<u>\$ 472,600</u>	<u>\$ 2,526,945</u>

ON THE RISE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016
(With Summarized Comparative Totals for 2015)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINIS-</u> <u>TRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2016</u>	<u>2015</u>
<u>PERSONNEL AND RELATED COSTS:</u>					
Salaries	\$ 522,099	\$ 78,340	\$ 128,672	\$ 729,111	\$ 636,481
Payroll Taxes	45,113	5,678	9,572	60,363	56,081
Fringe Benefits	<u>72,252</u>	<u>7,359</u>	<u>6,564</u>	<u>86,175</u>	<u>88,713</u>
Total Personnel and Related Costs	<u>639,464</u>	<u>91,377</u>	<u>144,808</u>	<u>875,649</u>	<u>781,275</u>
<u>OCCUPANCY:</u>					
Repairs and Maintenance	33,827	2,511	2,150	38,488	42,289
Depreciation Expense	30,512	1,929	1,645	34,086	27,693
Utilities	10,539	623	531	11,693	12,647
Property Insurance	3,252	199	194	3,645	3,137
Small Equipment and Furnishings	<u>2,058</u>	<u>807</u>	<u>130</u>	<u>2,995</u>	<u>2,786</u>
Total Occupancy	<u>80,188</u>	<u>6,069</u>	<u>4,650</u>	<u>90,907</u>	<u>88,552</u>
<u>OTHER EXPENSES:</u>					
Client Assistance	119,364	-	-	119,364	128,031
Legal, Accounting and Audit Fees	-	45,315	-	45,315	43,256
Technology Services and Supplies	25,866	2,569	3,187	31,622	36,709
Printing and Postage	3,883	472	1,849	6,204	4,625
Professional Fees	1,680	16,799	560	19,039	6,748
Insurance	7,949	2,290	476	10,715	9,363
Fund Raising Volunteers and Expenses	-	-	14,176	14,176	28,524
Office Supplies	2,811	1,476	3,713	8,000	4,610
Telephone	6,668	464	396	7,528	6,887
Recruitment and Training	6,255	1,357	697	8,309	6,390
Miscellaneous	<u>1,968</u>	<u>4,165</u>	<u>3,271</u>	<u>9,404</u>	<u>11,358</u>
Total Other Expenses	<u>176,444</u>	<u>74,907</u>	<u>28,325</u>	<u>279,676</u>	<u>286,501</u>
Total Expenses Per Statement of Activities	896,096	172,353	177,783	1,246,232	1,156,328
Event Costs	<u>-</u>	<u>-</u>	<u>82,144</u>	<u>82,144</u>	<u>80,885</u>
Total Functional Expenses	<u>\$ 896,096</u>	<u>\$ 172,353</u>	<u>\$ 259,927</u>	<u>\$ 1,328,376</u>	<u>\$ 1,237,213</u>

ON THE RISE, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 157,569	\$ 93,752
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Depreciation Expense	34,086	27,693
Loss on Disposal of Property and Equipment	4,615	-
Donated Stock	(4,779)	(2,677)
Investment Activity	(44,416)	(3,406)
<i>(Increase) Decrease in Current Assets:</i>		
Grants and Pledges Receivable	(13,900)	(27,000)
Contracts Receivable	(17,858)	(10,672)
Prepaid Expenses	5,104	(7,023)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	20,588	(3,869)
Accrued Payroll and Related Costs	3,265	16,550
<i>(Increase) Decrease in Non-Current Assets:</i>		
Grants and Pledges Receivable	16,500	(31,500)
Net Adjustment	3,205	(41,904)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>160,774</u>	<u>51,848</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Net Proceeds from Sale of Investments	4,537	2,403
Reclassification of Cash from Board Designated Cash	18,731	12,921
Acquisition of Property and Equipment	(48,230)	(37,058)
Net Cash Flows from Investing Activities	(24,962)	(21,734)
<u>NET INCREASE IN CASH BALANCES</u>	<u>135,812</u>	<u>30,114</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>639,926</u>	<u>609,812</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 775,738</u>	<u>\$ 639,926</u>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

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

Safe Haven/Keep The Keys Programs:

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 350 - 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 domestic and sexual violence 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. Wellness activities improve well-being by providing positive care to minds and bodies in the Safe Haven, as well as 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.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

(Continued)

NOTE 2 *(Continued)*

Keep The Keys:

OTR has helped many homeless women move into housing of their own. Once housed, many women continue to struggle with the challenges that contributed to their homelessness; addiction, mental and physical health issues, domestic and sexual violence, financial struggles, unemployment, legal issues, etc. while facing the new challenges and responsibilities associated with independent living.

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 help them build the neighborhood connections and independent living skills they need to sustain and continue to improve their quality of life. Services include home visits, goal-setting, support with life skills, weekly support groups, and gatherings at OTR. KTK participants are also welcome to visit the Safe Haven during specific hours.

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.

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.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

(Continued)

NOTE 3 (Continued)

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.

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, corporate bonds and equity securities. There have been no changes to this valuation methodology.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, 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.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

(Continued)

NOTE 3 *(Continued)*

Grants and Pledges Receivable:

As of December 31, 2016 and 2015, *Grants and Pledges Receivable* represent amounts due from foundations and individual donors which includes several multi-year 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, 2016, all non-current pledges receivable were due in 2018. Amounts 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. If amounts owed become uncollectible, a provision will be established when that determination is made. There were no losses on uncollectible grants and pledges for the years presented.

As of December 31, 2016, amounts due from two donors accounted for 41% of total *Grants and Pledges Receivable*. As of December 31, 2015, amounts due from three donors constitute 61% of *Grants and Pledges Receivable*.

Contracts Receivable:

As of December 31, 2016 and 2015, *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, a provision will be established 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, corporate bonds, cash and certificates of deposit. As required by the *FASB Accounting Standards Codification*TM, investments are reported at their fair value and all money market funds, corporate bonds 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 and are classified within Level 2. The Organization reports the investments' net realized and unrealized gains and losses at each reporting date in the Statements 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.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

(Continued)

NOTE 3 *(Continued)*

Contributions and Grants:

As required by the *FASB Accounting Standards Codification*TM, contributions are required to 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. The funding is conditional upon satisfactory compliance with pre-funding conditions and required reporting. 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.

In-Kind Goods and Services:

As required by the *FASB Accounting Standards Codification*TM, 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 which would have otherwise been purchased by the Organization are recognized as revenue and expense on the Statements 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.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

(Continued)

NOTE 3 (Continued)

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.

Reclassifications:

Certain amounts in the prior year comparative information have been reclassified to conform to the current year presentation. Reclassifications made to the prior year information have no impact on total net assets or changes in net assets.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of December 31, 2016 and 2015:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2016</u>
Land	-	\$ 298,326	\$ -	\$298,326
Building	40	696,094	292,286	403,808
Building Improvements	10 - 40	317,535	108,693	208,842
Office and Program Equipment	3 - 7	<u>93,969</u>	<u>70,832</u>	<u>23,137</u>
Total		<u>\$1,405,924</u>	<u>\$471,811</u>	<u>\$934,113</u>

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2015</u>
Land	-	\$ 298,326	\$ -	\$298,326
Building	40	696,094	274,884	421,210
Building Improvements	10 - 40	309,134	110,840	198,294
Office and Program Equipment	3 - 7	<u>72,585</u>	<u>65,831</u>	<u>6,754</u>
Total		<u>\$1,376,139</u>	<u>\$451,555</u>	<u>\$924,584</u>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

(Continued)

NOTE 4 (Continued)

During 2016, the Organization disposed of assets with an original cost of \$18,445 and accumulated depreciation of \$13,830, resulting in a *Loss on Disposal of Property and Equipment* of \$4,615, which is included in the accompanying Statements of Activities.

NOTE 5 INVESTMENTS

As of December 31, 2016 and 2015, OTR's investment portfolio consists of the following:

<u>Investment Type</u>	December 31, 2016					
	Cost	Unrealized Gains	Unrealized Losses	Fair Value Level 1	Fair Value Level 2	Total Fair Value
Money Market Funds	\$ 86,330	\$ -	\$ -	\$ 86,330	\$ -	\$ 86,330
Equity Securities	341,771	100,103	-	441,874	-	441,874
Corporate Bonds	106,463	935	-	107,398	-	107,398
Certificates of Deposit	<u>204,000</u>	<u>648</u>	<u>-</u>	<u>-</u>	<u>204,648</u>	<u>204,648</u>
Totals	<u>\$738,564</u>	<u>\$101,686</u>	<u>\$ -</u>	<u>\$635,602</u>	<u>\$204,648</u>	<u>\$840,250</u>

<u>Investment Type</u>	December 31, 2015					
	Cost	Unrealized Gains	Unrealized Losses	Fair Value Level 1	Fair Value Level 2	Total Fair Value
Money Market Funds	\$ 61,038	\$ -	\$ -	\$ 61,038	\$ -	\$ 61,038
Equity Securities	317,099	87,471	-	404,570	-	404,570
Corporate Bonds	180,228	513	-	180,741	-	180,741
Certificates of Deposit	<u>149,000</u>	<u>243</u>	<u>-</u>	<u>-</u>	<u>149,243</u>	<u>149,243</u>
Totals	<u>\$707,365</u>	<u>\$88,227</u>	<u>\$ -</u>	<u>\$646,349</u>	<u>\$149,243</u>	<u>\$795,592</u>

<u>Components of Investment Activity</u>	<u>2016</u>	<u>2015</u>
Investment Interest and Dividends, Net of Fees	\$10,861	\$ 4,175
Net Unrealized Gains (Losses) on Investments	13,459	(21,294)
Net Realized Gains on Investments	<u>20,096</u>	<u>20,525</u>
Total	<u>\$44,416</u>	<u>\$ 3,406</u>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

(Continued)

NOTE 5 (Continued)

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

Money Market funds: Determined at the published Net Asset Value (“NAV”) unit at the end of the last trading day of the fiscal year, which is the basis for the transactions at that date. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities and then divided by the number of shares held by the fund at year end. NAV is quoted in an active market.

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

Corporate Bonds: Traded in national bond markets. Determined by the closing price on the last business day of the calendar year.

Certificates of Deposit: Determined by cost plus accrued interest.

NOTE 6 TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS

Temporarily Restricted Net Assets:

As of December 31, 2016 and 2015, temporarily restricted net assets consisted of the following balances:

<u>Nature of Restriction</u>	<u>2016</u>	<u>2015</u>
Capital Campaign - Maintenance	\$277,664	\$320,596
Keep The Keys - Capacity Building Campaign	193,357	118,280
Keep The Keys - Program	10,000	15,000
Safe Haven Program	-	18,294
Time Restricted	71,010	-
Other	<u>1,487</u>	<u>430</u>
Total	<u>\$553,518</u>	<u>\$472,600</u>

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

<u>Nature of Restriction</u>	<u>2016</u>	<u>2015</u>
Program Restrictions:		
Safe Haven	\$ 22,808	\$ 1,206
Keep The Keys - Capacity Building Campaign	115,723	65,720
Keep The Keys Program	35,000	-
Other	3,180	4,160
Time Restrictions	-	90,000
Other Restrictions:		
Property Maintenance	<u>65,149</u>	<u>17,828</u>
Total Net Assets Released	<u>\$241,860</u>	<u>\$178,914</u>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

(Continued)

NOTE 6 *(Continued)*

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>2016</u>	<u>2015</u>
Property Maintenance Fund	<u>\$519,212</u>	<u>\$497,014</u>

NOTE 7 GOVERNMENT FUNDED CONTRACTS

Commonwealth of Massachusetts – Department of Public Health (“DPH”)

OTR has a DPH contract (formerly through the Department of Children and Families) under the Domestic Violence, Community-Based Services program which is funded on a unit rate basis, with a maximum obligation of 3,502 and 3,308 hours and \$228,961 and \$216,276 for the contract years ended June 30, 2017 and 2016, respectively. 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.

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 \$124,070 and \$100,084 for the contract years ended June 30, 2017 and 2016, respectively. The contract is billed quarterly and funds 1.725 FTE positions for FY 2017 and FY 2016, as approved in advance by MOVA.

Total funding from government agencies accounted for 27% and 23% of total support and revenue for the years ended December 31, 2016 and 2015, respectively.

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>2016</u>	<u>2015</u>
Contributions Received	\$178,354	\$142,137
Special Event Ticket Revenue	61,075	54,950
Donated Goods and Services	<u>31,108</u>	<u>32,874</u>
Gross Event Proceeds	270,537	229,961
Less: Direct Event Costs	<u>(82,144)</u>	<u>(80,885)</u>
Net Special Event Revenue	<u>\$188,393</u>	<u>\$149,076</u>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

(Continued)

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>2016</u>	<u>2015</u>
Client Assistance	\$33,664	\$58,929
Legal and Professional Fees	12,698	8,748
Repairs and Maintenance	2,190	4,350
Fund Raising Volunteers	-	11,319
Other Fund Raising Costs	<u>6,406</u>	<u>-</u>
Total	<u>\$54,958</u>	<u>\$83,346</u>

In addition to these amounts, as disclosed in Note 8, \$31,108 and \$32,874 of donated goods and services were received for the annual fund raising dinner for the years ended December 31, 2016 and 2015, 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 \$30,363 and \$28,320 for the years ended December 31, 2016 and 2015, respectively.

NOTE 10 RETIREMENT 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 retirement plan expense.

NOTE 11 CONCENTRATIONS IN CREDIT RISKS

The Organization invests in professionally managed money market, certificates of deposits, corporate bonds and equity securities. 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 brokerage service used for the investments is a member of Securities Investors Protection Corporation ("SIPC") which protects securities of its customers up to \$500,000 (\$250,000 for claims for cash). The Organization's investment performance is reviewed by the Board of Directors on a periodic basis.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(With Summarized Comparative Information for 2015)

(Continued)

NOTE 12 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. Effective with the FY 2017 contract year, the Organization may not retain a surplus in excess of 20% in any given year and the cumulative surplus cap has been eliminated.

Following the guidelines established by the Commonwealth, On The Rise has determined that there is no liability under the surplus revenue retention policy as of December 31, 2016 and 2015. Management concludes that On The Rise is in compliance with OSD requirements.

NOTE 13 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 13, 2017, the date which the financial statements were available for issue, and noted no events which met the criteria.

ON THE RISE, INC.
SUPPLEMENTAL INFORMATION
SCHEDULE OF PROGRAM EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015

	2016			2015			
	SAFE HAVEN	KEEP THE KEYS	COMMUNITY OUTREACH AND EDUCATION	TOTAL PROGRAM SERVICES	SAFE HAVEN / KEEP THE KEYS	COMMUNITY OUTREACH AND EDUCATION	TOTAL PROGRAM SERVICES
<u>PERSONNEL AND RELATED COSTS:</u>							
Salaries	\$ 267,905	\$ 176,846	\$ 77,348	\$ 522,099	\$ 372,438	\$ 69,643	\$ 442,081
Payroll Taxes	27,875	10,163	7,075	45,113	34,119	7,387	41,506
Fringe Benefits	41,280	23,723	7,249	72,252	55,737	19,846	75,583
Total Personnel and Related Costs	<u>337,060</u>	<u>210,732</u>	<u>91,672</u>	<u>639,464</u>	<u>462,294</u>	<u>96,876</u>	<u>559,170</u>
<u>OCCUPANCY:</u>							
Repairs and Maintenance	26,397	4,631	2,799	33,827	33,845	2,961	36,806
Depreciation Expense	24,830	3,545	2,137	30,512	22,154	1,939	24,093
Utilities	8,704	1,145	690	10,539	10,118	885	11,003
Property Insurance	2,586	424	242	3,252	2,506	219	2,725
Small Equipment and Furnishings	1,608	275	175	2,058	2,229	195	2,424
Total Occupancy	<u>64,125</u>	<u>10,020</u>	<u>6,043</u>	<u>80,188</u>	<u>70,852</u>	<u>6,199</u>	<u>77,051</u>
<u>OTHER EXPENSES:</u>							
Client Assistance	82,704	36,660	-	119,364	128,031	-	128,031
Technology Services and Supplies	17,411	5,073	3,382	25,866	23,355	3,197	26,552
Printing and Postage	1,773	734	1,376	3,883	2,553	350	2,903
Professional Fees	945	441	294	1,680	2,034	279	2,313
Insurance	6,321	1,037	591	7,949	5,905	517	6,422
Office Supplies	1,564	715	532	2,811	2,917	399	3,316
Telephone	5,296	851	521	6,668	5,879	353	6,232
Recruitment and Training	4,668	1,469	118	6,255	4,941	60	5,001
Miscellaneous	1,344	392	232	1,968	2,807	237	3,044
Total Other Expenses	<u>122,026</u>	<u>47,372</u>	<u>7,046</u>	<u>176,444</u>	<u>178,422</u>	<u>5,392</u>	<u>183,814</u>
Total Functional Expenses	<u>\$ 523,211</u>	<u>\$ 268,124</u>	<u>\$ 104,761</u>	<u>\$ 896,096</u>	<u>\$ 711,568</u>	<u>\$ 108,467</u>	<u>\$ 820,035</u>