

**ON THE RISE, INC.**

**FINANCIAL STATEMENTS**

*with*

**INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED DECEMBER 31, 2017**

*(With Summarized Comparative Information for 2016)*

Smith  Sullivan  
& Brown PC  
CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581  
Tel: 508.871.7178 Fax: 508.871.7179 [www.ssbcpa.com](http://www.ssbcpa.com)

**ON THE RISE, INC.**

**REPORT ON FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2017**  
*(With Summarized Comparative Information for 2016)*



**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.*

**[www.ontherise.org](http://www.ontherise.org)**

ON THE RISE, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

*(With Summarized Comparative Information for 2016)*

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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, 2017, 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, 2017 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 May 8, 2018 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 19 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  
May 8, 2018

ON THE RISE, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2017 AND 2016

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash	\$ 720,903	\$ 775,738
Grants and Pledges Receivable, Current	20,000	105,900
Contracts Receivable	70,926	52,347
Prepaid Expenses	11,642	15,203
Total Current Assets	<u>823,471</u>	<u>949,188</u>
 <b><u>NET PROPERTY AND EQUIPMENT</u></b>	 <u>930,468</u>	 <u>934,113</u>
 <b><u>NON-CURRENT ASSETS:</u></b>		
Grants and Pledges Receivable, Non-Current	-	15,000
Investments	925,896	840,250
Total Non-Current Assets	<u>925,896</u>	<u>855,250</u>
 <b><u>TOTAL ASSETS</u></b>	 <u>\$ 2,679,835</u>	 <u>\$ 2,738,551</u>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES:</u></b>		
Accounts Payable and Accrued Expenses	\$ 23,049	\$ 41,481
Accrued Payroll and Related Costs	19,054	12,556
Total Current Liabilities	<u>42,103</u>	<u>54,037</u>
 <b><u>NET ASSETS:</u></b>		
Unrestricted:		
Operating	730,357	677,671
Board Designated	569,776	519,212
Property and Equipment	930,468	934,113
Total Unrestricted Net Assets	2,230,601	2,130,996
Temporarily Restricted Net Assets	407,131	553,518
Total Net Assets	<u>2,637,732</u>	<u>2,684,514</u>
 <b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	 <u>\$ 2,679,835</u>	 <u>\$ 2,738,551</u>

ON THE RISE, INC.

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	<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	\$ 486,758	\$ 64,800	\$ 551,558	\$ 454,700	\$ 300,560	\$ 755,260
Special Event Revenue Proceeds	243,719	-	243,719	270,537	-	270,537
Less: Event Costs	(104,828)	-	(104,828)	(82,144)	-	(82,144)
Donated Goods and Services	88,047	-	88,047	54,958	-	54,958
Total Support	<u>713,696</u>	<u>64,800</u>	<u>778,496</u>	<u>698,051</u>	<u>300,560</u>	<u>998,611</u>
<i>Revenues:</i>						
Contract Service Revenue	367,447	-	367,447	364,955	-	364,955
Interest Income	876	-	876	434	-	434
Total Revenues	<u>368,323</u>	<u>-</u>	<u>368,323</u>	<u>365,389</u>	<u>-</u>	<u>365,389</u>
<i>Reclassification of Net Assets:</i>						
Satisfaction of Donor Restrictions	246,208	(246,208)	-	241,860	(241,860)	-
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>1,328,227</u></b>	<b><u>(181,408)</u></b>	<b><u>1,146,819</u></b>	<b><u>1,305,300</u></b>	<b><u>58,700</u></b>	<b><u>1,364,000</u></b>
<b><u>EXPENSES AND LOSSES:</u></b>						
Program Services	942,343	-	942,343	896,096	-	896,096
Administrative	143,242	-	143,242	172,353	-	172,353
Fund Raising	193,601	-	193,601	177,783	-	177,783
Loss on Disposal of Property and Equipment	-	-	-	4,615	-	4,615
<b><u>TOTAL EXPENSES AND LOSSES</u></b>	<b><u>1,279,186</u></b>	<b><u>-</u></b>	<b><u>1,279,186</u></b>	<b><u>1,250,847</u></b>	<b><u>-</u></b>	<b><u>1,250,847</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>						
<b><u>BEFORE INVESTMENT ACTIVITY</u></b>	<b>49,041</b>	<b>(181,408)</b>	<b>(132,367)</b>	<b>54,453</b>	<b>58,700</b>	<b>113,153</b>
Investment Activity	50,564	35,021	85,585	22,198	22,218	44,416
<b><u>TOTAL CHANGE IN NET ASSETS</u></b>	<b>99,605</b>	<b>(146,387)</b>	<b>(46,782)</b>	<b>76,651</b>	<b>80,918</b>	<b>157,569</b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>2,130,996</u></b>	<b><u>553,518</u></b>	<b><u>2,684,514</u></b>	<b><u>2,054,345</u></b>	<b><u>472,600</u></b>	<b><u>2,526,945</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 2,230,601</u></b>	<b><u>\$ 407,131</u></b>	<b><u>\$ 2,637,732</u></b>	<b><u>\$ 2,130,996</u></b>	<b><u>\$ 553,518</u></b>	<b><u>\$ 2,684,514</u></b>

ON THE RISE, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2017  
*(With Summarized Comparative Totals for 2016)*

	<u>PROGRAM SERVICES</u>	<u>ADMINIS- TRATIVE</u>	<u>FUND RAISING</u>	<u>TOTAL FUNCTIONAL EXPENSES</u>	
				<u>2017</u>	<u>2016</u>
<b><u>PERSONNEL AND RELATED COSTS:</u></b>					
Salaries	\$ 553,249	\$ 52,938	\$ 130,348	\$ 736,535	\$ 729,111
Payroll Taxes	44,775	6,844	9,712	61,331	60,363
Fringe Benefits	68,739	6,851	8,633	84,223	86,175
Total Personnel and Related Costs	666,763	66,633	148,693	882,089	875,649
<b><u>OCCUPANCY:</u></b>					
Repairs and Maintenance	38,551	2,582	2,595	43,728	38,488
Depreciation Expense	32,319	2,103	2,112	36,534	34,086
Utilities	11,016	717	720	12,453	11,693
Property Insurance	1,619	112	113	1,844	3,645
Small Equipment and Furnishings	1,404	91	92	1,587	2,995
Total Occupancy	84,909	5,605	5,632	96,146	90,907
<b><u>OTHER EXPENSES:</u></b>					
Client Assistance	132,712	315	143	133,170	119,364
Legal, Accounting and Audit Fees	-	55,558	-	55,558	45,315
Technology Services and Supplies	20,167	5,861	5,257	31,285	31,622
Printing and Postage	4,720	599	1,258	6,577	6,204
Professional Fees	2,699	627	7,044	10,370	19,039
Insurance	9,004	2,428	626	12,058	10,715
Fund Raising Volunteers and Expenses	111	-	15,558	15,669	14,176
Office Supplies	1,981	273	524	2,778	8,000
Telephone	7,152	487	504	8,143	7,528
Recruitment and Training	9,688	1,788	3,902	15,378	8,309
Miscellaneous	2,437	3,068	4,460	9,965	9,404
Total Other Expenses	190,671	71,004	39,276	300,951	279,676
<b>Total Expenses Per Statement of Activities</b>	<b>942,343</b>	<b>143,242</b>	<b>193,601</b>	<b>1,279,186</b>	<b>1,246,232</b>
Event Costs	-	-	104,828	104,828	82,144
<b>Total Functional Expenses</b>	<b>\$ 942,343</b>	<b>\$ 143,242</b>	<b>\$ 298,429</b>	<b>\$ 1,384,014</b>	<b>\$ 1,328,376</b>



ON THE RISE, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ (46,782)	\$ 157,569
<i>Adjustments to Reconcile the Above to Net Cash Provided (Used) by Operating Activities:</i>		
Depreciation Expense	36,534	34,086
Loss on Disposal of Property and Equipment	-	4,615
Donated Stock	(3,299)	(4,779)
Investment Activity	(85,585)	(44,416)
<i>(Increase) Decrease in Current Assets:</i>		
Grants and Pledges Receivable	85,900	(13,900)
Contracts Receivable	(18,579)	(17,858)
Prepaid Expenses	3,561	5,104
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(18,432)	20,588
Accrued Payroll and Related Costs	6,498	3,265
<i>(Increase) Decrease in Non-Current Assets:</i>		
Grants and Pledges Receivable	15,000	16,500
Net Adjustment	<u>21,598</u>	<u>3,205</u>
<b><u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u></b>	<b><u>(25,184)</u></b>	<b><u>160,774</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Net Proceeds from Sale of Investments	3,238	4,537
Reclassification of Cash from Board Designated Cash	-	18,731
Acquisition of Property and Equipment	<u>(32,889)</u>	<u>(48,230)</u>
Net Cash Flows Provided (Used) for Investing Activities	<u>(29,651)</u>	<u>(24,962)</u>
<b><u>NET INCREASE (DECREASE) IN CASH BALANCES</u></b>	<b><u>(54,835)</u></b>	<b><u>135,812</u></b>
<b><u>CASH BALANCES - BEGINNING OF YEAR</u></b>	<b><u>775,738</u></b>	<b><u>639,926</u></b>
<b><u>CASH BALANCES - END OF YEAR</u></b>	<b><u>\$ 720,903</u></b>	<b><u>\$ 775,738</u></b>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

*(With Summarized Comparative Information for 2016)*

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 programs provides tangible aid and long-term, broad-based support to women, beginning when they are homeless and in crisis, and working with them through transitions into housing, as they settle into homes and communities and begin to realize new possibilities for stability and well-being.

**Safe Haven:**

Through comprehensive daytime direct services, OTR’s Safe Haven Program engages and annually assists hundreds of severely disenfranchised, homeless women, providing emotional, practical, and professional support that help the women achieve and sustain extraordinary accomplishments - from improving health, to getting jobs, to finding housing. About 2/3 of the 400 - 450 women OTR works with each year are homeless. The goals of the Safe Haven 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 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 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 key components of OTR’s success.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

*(With Summarized Comparative Information for 2016)*

*(Continued)*

NOTE 2 *(Continued)*

**Keep The Keys:**

With the help of OTR and other service providers, over time many formerly-homeless women have succeeded in securing housing. In housing, the women continue to address the long-term challenges that existed during their homelessness - addiction, mental and physical health issues, domestic and sexual violence, financial struggles, unemployment, legal issues, etc. - while also facing the challenges and responsibilities associated with independent living - and while facing new opportunities for well-being that were not available in homelessness. About 1/3 of the 400 - 450 women OTR works with each year, are housed.

Participants in the Keep The Keys program maintain their connections with OTR staff and the Safe Haven community, 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, and weekly support groups. KTK participants are also welcome to visit the Safe Haven during certain hours, and participate in OTR's social and wellness activities.

**The Community Outreach and Education Program:**

Integral to OTR's mission is its responsibility to raise awareness and facilitate public discourse about the 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 homeless and formerly-homeless women, as the women heal and strengthen their connections with community and mainstream resources.

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.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

*(With Summarized Comparative Information for 2016)*

*(Continued)*

NOTE 3     *(Continued)*

**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.
- 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*<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.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Information for 2016)

(Continued)

NOTE 3 (Continued)

*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 and Pledges Receivable:**

As of December 31, 2017 and 2016, *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. 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, 2017, amounts due from two donors accounted for 100% of total *Grants and Pledges Receivable*. As of December 31, 2016, amounts due from two donors constitute 41% of *Grants and Pledges Receivable*.

**Contracts Receivable:**

As of December 31, 2017 and 2016, *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.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Information for 2016)

(Continued)

NOTE 3 (Continued)

**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*<sup>TM</sup>, 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.

**Contributions and Grants:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, 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.

**Donated 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 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, 2017

*(With Summarized Comparative Information for 2016)*

*(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.

**Recent Accounting Guidance:**

In August 2016, the FASB issued ASC Update No. 2016-14, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. The new guidance simplifies and improves how not-for-profit entities classify net assets as well as the information presented in financial statements and notes about the function and nature of expenses, liquidity, financial performance, and cash flows. This guidance will be effective for this Organization beginning after December 15, 2017 and is not expected to have a material effect on the Organization's financial position or change in net assets.

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. In August 2015, the FASB issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*, which deferred the effective date of ASC Update No. 2014-09 by one year. This guidance will be effective for this Organization beginning after December 15, 2018 and is not expected to have a material effect on the Organization's financial position or change in net assets.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Information for 2016)

(Continued)

NOTE 4    PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of December 31, 2017 and 2016:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2017</u>
Land	-	\$ 298,326	\$ -	\$298,326
Building	40	696,094	309,688	386,406
Building Improvements	10 - 40	349,060	125,966	223,094
Office and Program Equipment	3 - 7	<u>95,333</u>	<u>72,691</u>	<u>22,642</u>
Total		<u>\$1,438,813</u>	<u>\$508,345</u>	<u>\$930,468</u>

<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>

During 2016, the Organization removed from the books the external wheelchair lift with an original cost of \$18,445 and accumulated depreciation of \$13,830. The resulting *Loss on Disposal of Property and Equipment* of \$4,615 is included in the accompanying 2016 Statement of Activities. The lift was replaced with a new model in 2017.

NOTE 5    INVESTMENTS

As of December 31, 2017 and 2016, OTR's investment portfolio consists of the following:

<u>Investment Type</u>	<u>December 31, 2017</u>					<u>Total Fair Value</u>
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value Level 1</u>	<u>Fair Value Level 2</u>	
Money Market Funds	\$103,702	\$ -	\$ -	\$103,702	\$ -	\$103,702
Equity Securities	373,126	151,313	-	524,439	-	524,439
Certificates of Deposit	<u>297,000</u>	<u>755</u>	<u>-</u>	<u>-</u>	<u>297,755</u>	<u>297,755</u>
Totals	<u>\$773,828</u>	<u>\$152,068</u>	<u>\$ -</u>	<u>\$628,141</u>	<u>\$297,755</u>	<u>\$925,896</u>



ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

(With Summarized Comparative Information for 2016)

(Continued)

NOTE 5 (Continued)

<u>Investment Type</u>	<u>December 31, 2016</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>
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>Components of Investment Activity</u>	<u>2017</u>	<u>2016</u>
Investment Interest and Dividends, Net of Fees	\$ 7,980	\$10,861
Net Unrealized Gains on Investments	50,382	13,459
Net Realized Gains on Investments	<u>27,223</u>	<u>20,096</u>
Total	<u>\$85,585</u>	<u>\$44,416</u>

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 issued 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.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

*(With Summarized Comparative Information for 2016)*

*(Continued)*

NOTE 6    TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS

**Temporarily Restricted Net Assets:**

As of December 31, 2017 and 2016, temporarily restricted net assets consisted of the following balances:

<u>Nature of Restriction</u>	<u>2017</u>	<u>2016</u>
Capital Campaign - Maintenance	\$262,198	\$277,664
Keep The Keys - Capacity Building Campaign	140,432	193,357
Keep The Keys - Program	-	10,000
Time Restricted	3,000	71,010
Other	<u>1,501</u>	<u>1,487</u>
Total	<u>\$407,131</u>	<u>\$553,518</u>

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

<u>Nature of Restriction</u>	<u>2017</u>	<u>2016</u>
Program Restrictions:		
Safe Haven	\$ -	\$ 22,808
Keep The Keys - Capacity Building Campaign	96,225	115,723
Keep The Keys Program	30,000	35,000
Other	1,486	3,180
Time Restrictions	68,010	-
Other Restrictions:		
Property Maintenance	<u>50,487</u>	<u>65,149</u>
Total Net Assets Released	<u>\$246,208</u>	<u>\$241,860</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 Property Maintenance Fund as of each respective year end.

<u>Nature of Designation</u>	<u>2017</u>	<u>2016</u>
Property Maintenance Fund	<u>\$569,776</u>	<u>\$519,212</u>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

*(With Summarized Comparative Information for 2016)*

*(Continued)*

NOTE 7      GOVERNMENT FUNDED CONTRACTS

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

For a number of years, OTR has contracted with the Department of Children and Families under the Domestic Violence, Community-Based Services program. Effective October 1, 2016, the administration and funding of these contracts was transferred to DPH; however, the contract terms, scope of service, conditions and budgets remained intact. OTR continues to collaborate with the Domestic Violence Unit within DCF; however, the programmatic, funding and contract oversight resides with DPH. These contracts are funded on a unit rate basis, with a maximum obligation of 3,502 hours and \$228,961 for the contract years ended June 30, 2017 and 2016, respectively. The contract provided 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.

As of July 1, 2017, the above contract was replaced by two new contracts which are also administered by DPH. These contracts provide total funding of \$203,136 under a state-wide tiered rate system contract which is in effect through June 30, 2020.

**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 \$178,759 for the June 30, 2018 contract year and \$134,405 and \$124,870 for the contract years ended June 30, 2017 and 2016, respectively. The contract is billed quarterly and funds 1.725 FTE positions in each contract year, as approved in advance by MOVA.

Total funding from government agencies accounted for 32% and 27% of total support and revenue for the years ended December 31, 2017 and 2016, 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 both the direct and 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>2017</u>	<u>2016</u>
Contributions Received	\$123,488	\$178,354
Special Event Ticket Revenue	70,525	61,075
Donated Goods and Services	<u>49,706</u>	<u>31,108</u>
Gross Event Proceeds	243,719	270,537
Less: Direct Event Costs	<u>(104,828)</u>	<u>(82,144)</u>
Net Special Event Revenue	<u>\$138,891</u>	<u>\$188,393</u>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

*(With Summarized Comparative Information for 2016)*

*(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>2017</u>	<u>2016</u>
Client Assistance	\$73,480	\$33,664
Legal and Professional Fees	10,062	12,698
Repairs and Maintenance	1,375	2,190
Fund Raising Volunteers	3,130	-
Other Fund Raising Costs	-	6,406
Total	<u>\$88,047</u>	<u>\$54,958</u>

In addition to these amounts, as disclosed in Note 8, \$49,706 and \$31,108 of donated goods and services were received for the annual fund raising dinner for the years ended December 31, 2017 and 2016, 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 \$65,459 and \$30,363 for the years ended December 31, 2017 and 2016, 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.

NOTE 12      SURPLUS REVENUE RETENTION

The Commonwealth of Massachusetts Operational Services Division's ("OSD") regulation, 808 CMR 1.19(3), *Not-for-Profit Surplus Revenue Retention*, allows social service providers to retain a surplus up to twenty percent of total revenues attributable to or generated by Commonwealth agreements for the provision of social services to clients of the Commonwealth and to use such surplus revenue for charitable purposes of the Organization. Amounts that exceed the threshold may be subject to recoupment by the Commonwealth. Management concludes that On the Rise is in compliance with the OSD requirements.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

*(With Summarized Comparative Information for 2016)*

*(Continued)*

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 May 8, 2018, 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, 2017 and 2016

	2017				2016			
	SAFE HAVEN	KEEP THE KEYS	COMMUNITY OUTREACH AND EDUCATION	TOTAL PROGRAM SERVICES	SAFE HAVEN	KEEP THE KEYS	COMMUNITY OUTREACH AND EDUCATION	TOTAL PROGRAM SERVICES
<b><u>PERSONNEL AND RELATED COSTS:</u></b>								
Salaries	\$ 311,857	\$ 180,363	\$ 61,029	\$ 553,249	\$ 267,905	\$ 176,846	\$ 77,348	\$ 522,099
Payroll Taxes	25,814	13,468	5,493	44,775	27,875	10,163	7,075	45,113
Fringe Benefits	41,785	23,069	3,885	68,739	41,280	23,723	7,249	72,252
Total Personnel and Related Costs	<u>379,456</u>	<u>216,900</u>	<u>70,407</u>	<u>666,763</u>	<u>337,060</u>	<u>210,732</u>	<u>91,672</u>	<u>639,464</u>
<b><u>OCCUPANCY:</u></b>								
Repairs and Maintenance	31,272	5,104	2,175	38,551	26,397	4,631	2,799	33,827
Depreciation Expense	26,391	4,156	1,772	32,319	24,830	3,545	2,137	30,512
Utilities	8,995	1,417	604	11,016	8,704	1,145	690	10,539
Property Insurance	1,303	222	94	1,619	2,586	424	242	3,252
Small Equipment and Furnishings	1,146	181	77	1,404	1,608	275	175	2,058
Total Occupancy	<u>69,107</u>	<u>11,080</u>	<u>4,722</u>	<u>84,909</u>	<u>64,125</u>	<u>10,020</u>	<u>6,043</u>	<u>80,188</u>
<b><u>OTHER EXPENSES:</u></b>								
Client Assistance	104,622	28,009	81	132,712	82,704	36,660	-	119,364
Technology Services and Supplies	11,331	6,713	2,123	20,167	17,411	5,073	3,382	25,866
Printing and Postage	2,441	1,433	846	4,720	1,773	734	1,376	3,883
Professional Fees	1,516	899	284	2,699	945	441	294	1,680
Insurance	7,246	1,232	526	9,004	6,321	1,037	591	7,949
Fund Raising Volunteers and Expenses	-	-	111	111	-	-	-	-
Office Supplies	1,113	659	209	1,981	1,564	715	532	2,811
Telephone	5,763	982	407	7,152	5,296	851	521	6,668
Recruitment and Training	4,582	4,972	134	9,688	4,668	1,469	118	6,255
Miscellaneous	1,609	626	202	2,437	1,344	392	232	1,968
Total Other Expenses	<u>140,223</u>	<u>45,525</u>	<u>4,923</u>	<u>190,671</u>	<u>122,026</u>	<u>47,372</u>	<u>7,046</u>	<u>176,444</u>
<b>Total Functional Expenses</b>	<b><u>\$ 588,786</u></b>	<b><u>\$ 273,505</u></b>	<b><u>\$ 80,052</u></b>	<b><u>\$ 942,343</u></b>	<b><u>\$ 523,211</u></b>	<b><u>\$ 268,124</u></b>	<b><u>\$ 104,761</u></b>	<b><u>\$ 896,096</u></b>