



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

ON THE RISE, INC.

Financial Statements

Year Ended December 31, 2020 and 2019



*A Certified Women-Owned Business Enterprise
in the Commonwealth of Massachusetts and City of New York
4238 Washington Street, Suite 307, Boston, Massachusetts 02131
687 West 204th Street, New York, New York 10034
Member, American Institute of Certified Public Accountants
Member, Association of Fraud Examiners
www.daviskellycpas.com*

ON THE RISE, INC.

Financial Statements

December 31, 2020 and 2019

Table of Contents

Independent Auditors' Report	1-2
<i>Financial Statements:</i>	
Statement of Financial Position	3
Statements of Activities	4-5
Statement of Cash Flows	6
Statements of Functional Expenses	7-8
Notes to Financial Statements	9-21
Opinion on Supplemental Information	22
<u><i>Supplemental Information</i></u>	
Schedule of Program Expenses for the Years Ended December 31, 2020 and 2019	23



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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of On The Rise, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of On The Rise, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about On The Rise, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 On The Rise, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about On The Rise, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Davis Kelly, LLC

Boston, Massachusetts

May 11, 2021

ON THE RISE, INC.

Statement of Financial Position

As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<i>Assets</i>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 1,014,458	\$ 695,372
Grants and pledges receivable	44,000	56,432
Contracts receivable	112,294	60,697
Prepaid expenses	23,705	12,910
Property and equipment, net	<u>928,309</u>	<u>917,876</u>
<i>Total Current Assets</i>	2,122,766	1,743,287
Investments	<u>1,343,732</u>	<u>1,216,541</u>
<i>Total assets</i>	<u>\$ 3,466,498</u>	<u>\$ 2,959,828</u>
<i>Liabilities and Net Assets</i>		
Accounts payable and accrued expenses	\$ 22,779	\$ 16,734
Accrued payroll and related costs	49,800	20,655
Paycheck Protection Program	<u>199,748</u>	<u>-</u>
<i>Total liabilities</i>	<u>272,327</u>	<u>37,389</u>
<i>Net assets:</i>		
Net assets without donor restrictions:		
Operating	958,861	812,464
Board designated - property maintenance fund	1,009,486	879,535
Property and equipment	<u>928,309</u>	<u>917,876</u>
Total net assets without donor restrictions	2,896,656	2,609,875
Net assets with donor restrictions:	<u>297,515</u>	<u>312,564</u>
<i>Total net assets</i>	<u>3,194,171</u>	<u>2,922,439</u>
<i>Total liabilities and net assets</i>	<u>\$ 3,466,498</u>	<u>\$ 2,959,828</u>

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

ON THE RISE, INC.

Statement of Activities

For the Year Ended December 31, 2020

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Revenue and support</i>			
<i>Revenue</i>			
Grants and contributions	\$ 657,502	\$ 65,000	\$ 722,502
Contract service revenue	597,151	-	597,151
Special event	216,807	-	216,807
Less: Event costs	(16,139)	-	(16,139)
Special event, net	200,668	-	200,668
Interest income	1,461	-	1,461
Donated goods and services	41,074	-	41,074
Net assets released from restrictions	112,128	(112,128)	-
<i>Total revenue and support</i>	1,609,984	(47,128)	1,562,856
<i>Expenses</i>			
Program expenses	1,066,324	-	1,066,324
General and administration	221,890	-	221,890
Fundraising	129,922	-	129,922
<i>Total expenses</i>	1,418,136	-	1,418,136
<i>Change in net assets before investment activity</i>	191,848	(47,128)	144,720
Investment income, net	94,933	32,079	127,012
<i>Change in net assets</i>	286,781	(15,049)	271,732
<i>Net assets, beginning</i>	2,609,875	312,564	2,922,439
<i>Net assets, ending</i>	\$ 2,896,656	\$ 297,515	\$ 3,194,171

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

ON THE RISE, INC.

Statement of Activities

For the Year Ended December 31, 2019

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Revenue and support</i>			
<i>Revenue</i>			
Grants and contributions	\$ 613,438	\$ 212,500	\$ 825,938
Contract service revenue	484,447	-	484,447
Special event	272,637	-	272,637
Less: Event costs	(104,079)	-	(104,079)
Special event, net	168,558	-	168,558
Interest income	2,030	-	2,030
Donated goods and services	82,734	-	82,734
Net assets released from restrictions	285,675	(285,675)	-
<i>Total revenue and support</i>	<u>1,636,882</u>	<u>(73,175)</u>	<u>1,563,707</u>
<i>Expenses</i>			
Program expenses	1,106,101	-	1,106,101
General and administration	192,947	-	192,947
Fundraising	209,491	-	209,491
<i>Total expenses</i>	<u>1,508,539</u>	<u>-</u>	<u>1,508,539</u>
<i>Change in net assets before investment activity</i>	128,343	(73,175)	55,168
Investment income, net	83,893	45,933	129,826
<i>Change in net assets</i>	212,236	(27,242)	184,994
<i>Net assets, beginning</i>	<u>2,397,639</u>	<u>339,806</u>	<u>2,737,445</u>
<i>Net assets, ending</i>	<u>\$ 2,609,875</u>	<u>\$ 312,564</u>	<u>\$ 2,922,439</u>

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

ON THE RISE, INC.

Statement of Cash Flows

For the years ended December 31, 2020 and 2019

	2020	2019
<i>Cash flows from operating activities</i>		
Change in net assets	\$ 271,732	\$ 184,994
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation	35,017	31,631
Unrealized (gains) / losses	(299,298)	(193,559)
<i>Changes in assets and liabilities:</i>		
Grants and pledges receivable	12,432	31,568
Contracts receivable	(51,597)	14,870
Prepaid expenses	(10,795)	11,893
Accounts payable and accrued expenses	6,045	(2,720)
Accrued payroll and related costs	29,145	8,159
Paycheck Protection Program	199,748	-
<i>Net cash provided by operating activities</i>	192,429	86,836
<i>Cash flows from investing activities</i>		
Purchase of securities	(266,682)	(634,866)
Sales of securities	438,791	523,589
Acquisition of property and equipment	(45,452)	(30,540)
<i>Net cash used in investing activities</i>	126,657	(141,817)
<i>Net change in cash and cash equivalents</i>	319,086	(54,981)
<i>Cash and cash equivalents - beginning of year</i>	695,372	750,353
<i>Cash and cash equivalents - end of year</i>	\$ 1,014,458	\$ 695,372

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

ON THE RISE, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2020

	<u>Program Services</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
<i>Expenses</i>				
<i>Personnel and related costs</i>				
Salaries	\$ 669,524	\$ 111,808	\$ 83,295	\$ 864,627
Payroll taxes	48,998	7,694	9,847	66,539
Fringe benefits	78,133	15,949	3,946	98,028
<i>Total personnel and related costs</i>	<u>796,655</u>	<u>135,451</u>	<u>97,088</u>	<u>1,029,194</u>
<i>Occupancy</i>				
Repairs and maintenance	47,042	4,105	3,079	54,226
Depreciation	30,506	2,575	1,936	35,017
Utilities	8,148	688	517	9,353
Property insurance	12,040	2,393	764	15,197
Equipment and furnishings	148	13	9	170
<i>Total occupancy</i>	<u>97,884</u>	<u>9,774</u>	<u>6,305</u>	<u>113,963</u>
<i>Other expenses</i>				
Client assistance	125,709	-	-	125,709
Legal, accounting and audit fees	-	52,605	-	52,605
Technology services and supplies	19,128	3,882	2,798	25,808
Printing and postage	2,135	132	271	2,538
Professional fees	4,410	10,899	648	15,957
Insurance	-	1,996	-	1,996
Fundraising	-	-	17,690	17,690
Office supplies	862	169	122	1,153
Telephone	9,097	1,171	859	11,127
Recruitment and training	9,467	1,998	857	12,322
Miscellaneous	977	3,813	3,284	8,074
<i>Total other expenses</i>	<u>171,785</u>	<u>76,665</u>	<u>26,529</u>	<u>274,979</u>
<i>Total expenses before event costs</i>	<u>1,066,324</u>	<u>221,890</u>	<u>129,922</u>	<u>1,418,136</u>
Event costs	-	-	16,139	16,139
<i>Total functional expenses</i>	<u>\$ 1,066,324</u>	<u>\$ 221,890</u>	<u>\$ 146,061</u>	<u>\$ 1,434,275</u>

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

ON THE RISE, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2019

	<i>Program Services</i>	<i>General and Administration</i>	<i>Fundraising</i>	<i>Total</i>
<i>Expenses</i>				
<i>Personnel and related costs</i>				
Salaries	\$ 677,071	\$ 98,078	\$ 134,615	\$ 909,764
Payroll taxes	53,870	8,550	11,433	73,853
Fringe benefits	90,910	10,256	11,386	112,552
<i>Total personnel and related costs</i>	821,851	116,884	157,434	1,096,169
 <i>Occupancy</i>				
Repairs and maintenance	39,474	3,204	2,494	45,172
Depreciation	27,641	2,244	1,746	31,631
Utilities	12,101	982	765	13,848
Property insurance	11,701	1,102	746	13,549
Equipment and furnishings	249	20	16	285
<i>Total occupancy</i>	91,166	7,552	5,767	104,485
 <i>Other expenses</i>				
Client assistance	148,580	94	-	148,674
Legal, accounting and audit fees	-	51,545	-	51,545
Technology services and supplies	19,531	3,632	2,817	25,980
Printing and postage	2,597	245	926	3,768
Professional fees	2,643	4,981	681	8,305
Insurance	-	480	-	480
Fundraising	-	-	34,619	34,619
Office supplies	2,062	426	297	2,785
Telephone	7,835	636	495	8,966
Recruitment and training	6,932	1,108	1,343	9,383
Miscellaneous	2,904	5,364	5,112	13,380
<i>Total other expenses</i>	193,084	68,511	46,290	307,885
<i>Total expenses before event costs</i>	1,106,101	192,947	209,491	1,508,539
Event costs	-	-	104,079	104,079
<i>Total functional expenses</i>	\$ 1,106,101	\$ 192,947	\$ 313,570	\$ 1,612,618

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

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 1 – Organization

On The Rise, Inc. (OTR) (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. OTR 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

Each year On The Rise's programs provide tangible aid and long-term, broad-based support to approximately 500 women and trans/nonbinary individuals, as they experience and recover from homelessness.

Safe Haven:

About two-thirds of On The Rise's participants are experiencing homelessness. Through comprehensive daytime direct services, the Safe Haven Program engages and assists these participants providing emotional, practical, and professional support that helps them achieve and sustain extraordinary accomplishments—from improving health, to getting jobs, to finding housing. The goals of the Safe Haven Program are to:

Goal 1: Provide a safe space six days a week where participants 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 individuals addressing housing, abuse, trauma, physical/mental health, legal concerns, and other urgent needs and issues.

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

On The Rise relies on a collaborative network with approximately fifty other human service providers. This network helps facilitate an individual'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. On The Rise does not duplicate other services but fills in the cracks to make the whole system work better for those who need it the most.

Many of On The Rise's women and trans/nonbinary participants cope with complex physical and mental health conditions. Program participants' struggles are often complicated by the fact that they cannot set a daily routine, have no sense of place in a family or in a community, and have little control over when and what they eat, where they 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 at community health centers, hospitals, and other services. These and other strengths-based group and individual activities are key components of On The Rise's success.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 2 – Program Services (Continued)

Keep The Keys:

With the help of On The Rise and other service providers, over time many participants have succeeded in securing housing. In housing, they continue to address the long-term challenges that existed during homelessness—addiction, mental and physical health issues, domestic and sexual violence, financial struggles, unemployment, legal issues, etc. They also face the challenges and responsibilities associated with independent living, and new opportunities for well-being that were not available in homelessness. Each year, about one-third of participants are housed.

Participants in the Keep The Keys program maintain their connections with On The Rise 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. Keep The Keys participants are also welcome to visit the Safe Haven during certain hours and participate in On The Rise’s social and wellness activities.

The Community Outreach and Education Program:

Integral to On The Rise’s mission is its responsibility to raise awareness and facilitate public discourse about the issues that affect the women who participate in On The Rise’s programs. Through the Community Outreach and Education Program, On The Rise informs the broader community about the interplay of homelessness, trauma, mental illness, addiction, and domestic violence. On The Rise works to educate and end all forms of oppression that affect program participants, especially racism, sexism, homophobia, and transphobia. The Community Outreach and Education Program helps individuals and groups participate in creating a safe, supportive space for women and trans/nonbinary individuals, as they experience and recover from homelessness, heal, and strengthen their connections with community and mainstream resources.

Note 3 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Accounting and Financial Statement Presentation

The financial statements have been prepared in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. These standards require the Organization to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions – Net assets available that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of management and Board of Directors.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 3 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

The Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

Revenue Recognition

The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Contributions are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants that are awarded to the Organization which have conditions associated with either performance or level of expenditure are recognized as revenue as it is reasonably determined that the conditions have been met. Receipts from these grants not yet recognized as revenue are recorded as deferred revenue.

New Accounting Pronouncements

The Organization has adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. ASU 2014-09 eliminated the transaction and industry-specific revenue recognition guidance under previous U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of ASU 2014-09 resulted in no significant changes in the way the Organization recognizes revenue, and therefore, no changes to the previously issued audited financial statements were required. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 3 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

New Accounting Pronouncements

The Organization has adopted ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605), as amended. ASU 2018-08 was issued to make it easier for not-for-profit organizations to evaluate whether gifts, grants or contracts should be accounted for as contributions or as reciprocal (exchange) transactions accounted for under ASU 2014-09. Under the new guidance, all organizations are required to evaluate whether the resource provider (i.e., federal agency, foundation, corporation, etc.), is receiving commensurate value in a transfer of resources (i.e., assets or reduction/settlement of liabilities), and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction is to be accounted for as an exchange transaction by applying ASU 2014-09. If commensurate value is not received by the resource provider (i.e., the transaction is nonexchange), the recipient organization would determine the transaction to be a contribution and determine whether the contribution is unconditional or conditional. The standard improves the usefulness and understandability of the Organization's financial reporting.

ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, gives donors better information without causing nonprofits to incur too much cost to provide the information. The updated standard will provide more prominent presentation of gifts-in-kind by requiring nonprofits to show contributed nonfinancial assets as a separate line item in the Statement of Activities, apart from contributions of cash and other financial assets. It also calls for enhanced disclosures about the valuation of those contributions and their use in programs and other activities. Nonprofits will be required to split out the amount of contributed nonfinancial assets it receives by category and in footnotes to financial statements. For each category, the nonprofit will be required to disclose:

- Qualitative information about whether contributed nonfinancial assets were either monetized or used during the reporting period and, if used, a description of the programs or other activities in which those assets were used;
- The nonprofit's policy (if any) for monetizing rather than using contributed nonfinancial assets;
- A description of any associated donor restrictions;
- A description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, Fair Value Measurement, at initial recognition; and
- The principal market (or most advantageous market) used to arrive at a fair value measurement if it is a market in which the recipient nonprofit is prohibited by donor restrictions from selling or using the contributed nonfinancial asset.

However, the new rule will not change the recognition and measurement requirements for those assets. ASU 2020-07 takes effect for annual periods after June 15, 2021, and interim periods within fiscal years after June 15, 2022. Retrospective application is required, and early application is permitted.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 3 – Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and/ or support service are allocated directly according to its natural expenditure classification. Occupancy and utilities are allocated on a per square footage basis. Office supplies, telephone and internet, insurance, salary and wages, payroll taxes and benefits are allocated on a full-time equivalent basis.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code except on net income derived from unrelated business activities. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1) (a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization is also exempt from Massachusetts state taxes.

Property and Equipment

Property, equipment, furnishings, and improvement purchases more than \$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.

Use of Estimates and Assumptions

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization's management to make estimates and assumptions. These affect the reported amounts of assets and liabilities, and disclosures 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 and assumptions.

Grants and Pledges Receivable

As of December 31, 2020 and 2019, grants and pledges receivable represent amounts due from foundations and individual donors, which include 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.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 3 – Summary of Significant Accounting Policies (Continued)

Contracts Receivable

As of December 31, 2020 and 2019, contracts receivable consists of amounts due from the Commonwealth of Massachusetts 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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increase in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Increases or decreases in market value are recorded as unrealized gains or losses on investments.

Contributed Goods and Services

The Organization records various types of in-kind support including contributed facilities, supplies, and professional services. Contributed professional services are recognized if the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as *Donated goods and services* are offset by amounts included in expenses.

Fair Value Measurements

The Organization has adopted FASB ASC 820, which defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, OTR considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

FASB ASC 820 also establishes a fair value hierarchy that requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The categorization of each investment type within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. FASB ASC 820 establishes three levels of inputs that may be used to measure fair value:

- *Level 1*: quoted prices in active markets for identical assets or liabilities at the measurement date.
- *Level 2*: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 3 – Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

- *Level 3*: unobservable inputs that are supported by little or no market activity and that reflect the Organization's own assumptions about market participants and investment prices.

Note 4 – Investments

As of December 31, 2020 and 2019, OTR's investment portfolio consists of the following:

<i>December 31, 2020</i>					
	Cost	Fair Value Level 1	Fair Value Level 2	Total Fair Value	Unrealized Gains
Money market funds	\$ 334,228	\$ 334,228	\$ -	\$ 334,228	\$ -
Savings and time deposits	160,500	160,500	-	160,500	-
Equity securities	436,387	734,907	-	734,907	298,520
Mutual funds	88,012	88,852	-	88,852	840
Corporate bonds	25,307	25,245	-	25,245	(62)
Totals	<u>\$ 1,044,434</u>	<u>\$ 1,343,732</u>	<u>\$ -</u>	<u>\$ 1,343,732</u>	<u>\$ 299,298</u>

<i>December 31, 2019</i>					
	Cost	Fair Value Level 1	Fair Value Level 2	Total Fair Value	Unrealized Gains
Money market funds	\$ 44,261	\$ 44,261	\$ -	\$ 44,261	\$ -
Savings and time deposits	159,614	159,614	-	159,614	-
Equity securities	416,174	606,853	-	606,853	190,679
Certificates of deposit	240,000	241,537	-	241,537	1,537
Mutual funds	88,012	88,538	-	88,538	526
Corporate bonds	74,921	75,738	-	75,738	817
Totals	<u>\$ 1,022,982</u>	<u>\$ 1,216,541</u>	<u>\$ -</u>	<u>\$ 1,216,541</u>	<u>\$ 193,559</u>

Note 5 – Significant Concentrations of Risk

The Organization invests in professionally managed money market, mutual funds, 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

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 5 – Significant Concentrations of Risk (continued)

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. The amounts more than the SIPC limits are \$843,732 and \$716,541 for 2020 and 2019, respectively. The Organization also maintains its cash balances in a Massachusetts bank, insured by the Federal Deposit Insurance Corporation (FDIC) with balances up to certain amounts. The amounts more than the FDIC limits are \$762,570 and \$440,591 for 2020 and 2019, respectively.

Note 6 – Fixed Assets

As of December 31, 2020, and December 31, 2019, fixed assets consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 298,326	\$ 298,326
Building	696,094	696,094
Building improvements	403,970	391,791
Office and program equipment	139,409	106,137
	<u>1,537,799</u>	<u>1,492,348</u>
Accumulated depreciation	<u>(609,490)</u>	<u>(574,472)</u>
Fixed assets, net	<u>\$ 928,309</u>	<u>\$ 917,876</u>

Depreciation expenses for the years ended December 31, 2020 and 2019 were \$35,017 and \$31,631, respectively.

Note 7 – Donated Goods and Services

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

<u>Description</u>	<u>2020</u>	<u>2019</u>
Client assistance	\$ 22,135	\$ 58,081
Legal and professional fees	14,505	9,097
Fundraising volunteers	2,266	2,786
Other fundraising costs	2,168	12,770
Total	<u>\$ 41,074</u>	<u>\$ 82,734</u>

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 8 – Operating leases

OTR leases equipment with monthly payments totaling \$477. The 2020 expiring lease expense was approximately \$4,019 and \$6,175 for the years ended December 31, 2020 and 2019, respectively. The 2023 expiring lease expense was approximately \$1,492 and \$0 for the years ended December 31, 2020 and 2019, respectively. The 2026 expiring lease expense was approximately \$1,755 and \$936 for the years ended December 31, 2020 and 2019, respectively.

<u>Year ending</u>	<u>Amount</u>
December 31, 2021	\$ 5,722
December 31, 2022	5,722
December 31, 2023	4,470
December 31, 2024	1,966
Thereafter	2,948
Total	<u>\$ 20,828</u>

Note 9 – Special fundraising event

Special event revenue is reflected on the Statement of Activities, net of the direct costs of the event; both the direct and indirect event costs are reported as fundraising expenses on the Statement of Functional expenses. A summary of the annual fundraising dinner event, "Prepare for Winter", is presented below.

	<u>2020</u>	<u>2019</u>
Contributions received	\$ 216,807	\$ 155,879
Special event ticket revenue	-	70,650
Donated goods and services	-	46,108
Gross event proceeds	<u>216,807</u>	<u>272,637</u>
Less: direct event costs	<u>(16,139)</u>	<u>(104,079)</u>
Net special event revenue	<u>\$ 200,668</u>	<u>\$ 168,558</u>

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 10 – Net assets with donor restrictions

As of December 31, 2020, and 2019, net assets with donor restrictions consisted of the following:

<u>Nature of restriction</u>	<u>2020</u>	<u>2019</u>
Capital campaign - property maintenance	\$ 237,738	\$ 222,564
Program	39,777	-
Time restricted	20,000	90,000
Total	<u>\$ 297,515</u>	<u>\$ 312,564</u>

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

<u>Nature of restriction</u>	<u>2020</u>	<u>2019</u>
Program restrictions:		
Keep The Keys - capacity building campaign	\$ -	\$ 58,244
Programs	27,363	112,500
Other	-	253
Property maintenance	16,905	44,678
Time restrictions	90,000	70,000
	<u>\$ 134,268</u>	<u>\$ 285,675</u>

The Board of Directors has designated funds to be set aside for future capital purchases and property maintenance. These funds are reviewed by the Board of Directors on a periodic basis. The balances for these funds were approximately \$1,009,486 and \$879,535 for the years ended December 31, 2020 and 2019, respectively.

Note 11 – Retirement Plan

The Organization 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. The Organization contributed \$35,356 and \$20,555 for the years ended December 31, 2020 and 2019.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 12 – Liquidity and availability of funds

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet data, are comprised of the following:

Cash	\$	1,014,458
Grants and pledges receivable		44,000
Contracts receivable		112,294
Investments		<u>1,343,732</u>
Total financial assets		2,514,484
Donor restricted funds		<u>(297,515)</u>
Net financial assets after donor restricted funds		2,216,969
Board designated funds		<u>(1,009,483)</u>
Financial assets available to meet expenditures within one year	\$	<u><u>1,207,486</u></u>

The Organization manages its liquidity following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

The Organization has a liquidity policy to maintain financial assets less liabilities within the range of 90-180 days operating expenses, throughout the year. The entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors reserves annually, to achieve targets for liquidity and reserves year-round. Due to the seasonality of On The Rise's revenue streams and cash flow, liquidity and reserves are usually at their highest level at the end of the year. During the year ended December 31, 2020, the Board of Directors reviewed liquidity levels and directed they be maintained above the policy level due to market and landscape uncertainties surrounding the COVID-19 pandemics as disclosed in Note 15.

Note 13 – Government Funded Contracts and Revenue and Receivable Concentrations

Commonwealth of Massachusetts - Department of Public Health (DPH)

The Organization contracts with DPH under the Domestic Violence, Community-Based Services program and the Sexual and Domestic Violence Services for Communities Experiencing Inequities. These contracts provide partial funding for the Organization's direct care staff to provide non-residential support services as part of the Safe Haven and Keep The Keys programs, including case management, referrals, counseling, and advocacy.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 13 – Government Funded Contracts and Revenue and Receivable Concentrations (continued)

Victims of Crime Act (VOCA) through Massachusetts Office for Victim Assistance (MOVA)

The contract funds staff positions in the *Safe Haven* and *Keep The Keys* programs as approved in advance by MOVA.

Concentrations of revenues and support and accounts receivable are as follows, as of and for the years ended December 31, 2020 and 2019:

	Percentage of Operating Revenues and Support		Percentage of Accounts Receivable	
	2020	2019	2020	2019
Commonwealth of Massachusetts - DPH	19%	18%	15%	19%
MOVA	19%	13%	57%	32%

Payments to the Organization are subject to audit by respective funding agencies. In the opinion of management, the results of such audits will not have a material effect on the financial statements as of December 31, 2020 and 2019 or on its changes in net assets for the years then ended.

Note 14 – Surplus Revenue Retention Regulations, Commonwealth of Massachusetts

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 the Organization is in compliance with the OSD requirements. The Organization did not incur and surplus in excess of the amount allowed under the regulations.

Note 15 – Subsequent Events and COVID-19

ASC 855-10, “Subsequent events” defines further disclosure requirements for events that occur after the statement of financial position date but before financial statements are issued. In accordance with ASC 855-10, the Organization management has evaluated events subsequent to December 31, 2020 to May 11, 2021, which is the date the financial statements were available to be issued.

The Organization’s operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption, which may be caused by the outbreak, is uncertain; however, it may result in a material adverse impact on the Organization’s financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the Organization’s services and revenue, absenteeism in the Organization’s labor workforce, and a decline in value of assets held by the Organization, including property and equipment, and marketable securities.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2020 and 2019

Note 15 – Subsequent Events and COVID-19 (continued)

The Organization received a loan in the amount of \$199,748 under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a note dated April 21, 2020. The Organization applied for and has been notified that \$199,748 in eligible expenditures for payroll and other expenses described in the CARES act and accrued interest of \$1,647 has been forgiven as of February 18, 2021.



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

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenses on page 23 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.

Davis Kelly, LLC

Boston, Massachusetts
May 11, 2021

ON THE RISE, INC.

Supplemental Information

Schedule of Program Expenses

For the Years Ended December 31, 2020 and 2019

	2020				2019			
	<u>Safe Haven</u>	<u>Keep The Keys</u>	<u>Community Outreach & Education</u>	<u>Total</u>	<u>Safe Haven</u>	<u>Keep The Keys</u>	<u>Community Outreach & Education</u>	<u>Total</u>
<i>Expenses</i>								
<i>Personnel and related costs</i>								
Salaries	\$ 398,063	\$ 241,660	\$ 29,801	\$ 669,524	\$ 404,661	\$ 214,831	\$ 57,579	\$ 677,071
Payroll taxes	26,446	18,668	3,884	48,998	34,076	15,412	4,382	53,870
Fringe benefits	47,599	28,950	1,584	78,133	62,992	24,351	3,567	90,910
<i>Total personnel and related costs</i>	<u>472,108</u>	<u>289,278</u>	<u>35,269</u>	<u>796,655</u>	<u>501,729</u>	<u>254,594</u>	<u>65,528</u>	<u>821,851</u>
<i>Occupancy</i>								
Repairs and maintenance	38,884	6,328	1,831	47,043	33,294	4,765	1,415	39,474
Depreciation	25,389	3,957	1,160	30,506	23,314	3,337	991	27,642
Utilities	6,781	1,057	310	8,148	10,206	1,461	434	12,101
Property insurance	10,020	1,562	458	12,040	9,853	1,426	422	11,701
Equipment and furnishings	123	19	6	148	210	30	9	249
<i>Total occupancy</i>	<u>81,197</u>	<u>12,923</u>	<u>3,765</u>	<u>97,885</u>	<u>76,877</u>	<u>11,019</u>	<u>3,271</u>	<u>91,167</u>
<i>Other expenses</i>								
Client assistance	68,686	57,019	4	125,709	106,672	41,908	-	148,580
Legal, accounting and audit fees	-	-	-	-	-	-	-	-
Technology services and supplies	11,367	6,310	1,451	19,128	12,720	5,545	1,266	19,531
Printing and postage	383	288	1,464	2,135	862	376	1,359	2,597
Professional fees	2,612	1,462	336	4,410	1,721	750	171	2,642
Insurance	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-
Office supplies	523	275	64	862	1,345	583	133	2,061
Telephone	6,761	1,861	475	9,097	6,608	946	281	7,835
Recruitment and training	5,770	3,487	210	9,467	4,928	1,759	245	6,932
Miscellaneous	870	80	26	976	1,718	908	279	2,905
<i>Total other expenses</i>	<u>96,972</u>	<u>70,782</u>	<u>4,030</u>	<u>171,784</u>	<u>136,574</u>	<u>52,775</u>	<u>3,734</u>	<u>193,083</u>
<i>Total expenses</i>	<u>\$ 650,277</u>	<u>\$ 372,983</u>	<u>\$ 43,064</u>	<u>\$ 1,066,324</u>	<u>\$ 715,180</u>	<u>\$ 318,388</u>	<u>\$ 72,533</u>	<u>\$ 1,106,101</u>

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