



DAVISKELLY CERTIFIED
PUBLIC
ACCOUNTANTS
CREATING VALUE FROM NUMBERS

ON THE RISE, INC.

Financial Statements

Year Ended December 31, 2019 and 2018



*A Certified Women-Owned Business Enterprise in the Commonwealth of Massachusetts
and the City of New York*

4238 Washington Street, Suite 307 • Boston, MA 02131
Member – American Institute of Certified Public Accountants
Member – Association of Certified Fraud Examiners

ON THE RISE, INC.

Financial Statements

December 31, 2019 and 2018

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Independent Auditors' Report

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

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, 2019, 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.

Auditor's 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of On The Rise, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

OTR's 2018 financial statements were audited by other auditors whose report dated May 7, 2019 expressed an unmodified opinion on those audited financial statements. The summarized comparative information presented herein as of and for the year ended December 31, 2018 was derived from those audited financial statements.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule on page 20 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.

DavisKelly, LLC

Boston, Massachusetts

June 16, 2020

ON THE RISE, INC.

Statement of Financial Position

As of December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<i>Assets</i>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 695,372	\$ 750,353
Grants and pledges receivable	56,432	88,000
Contracts receivable	60,697	75,567
Prepaid expenses	12,910	24,803
Property and equipment, net	917,876	918,967
<i>Total Current Assets</i>	<u>1,743,287</u>	<u>1,857,690</u>
Investments	<u>1,216,541</u>	<u>911,705</u>
<i>Total assets</i>	<u>\$ 2,959,828</u>	<u>\$ 2,769,395</u>
<i>Liabilities and Net Assets</i>		
Accounts payable and accrued expenses	\$ 16,734	\$ 19,454
Accrued payroll and related costs	<u>20,655</u>	<u>12,496</u>
<i>Total liabilities</i>	<u>37,389</u>	<u>31,950</u>
<i>Net assets:</i>		
Net assets without donor restrictions:		
Operating	812,464	889,661
Board designated - property maintenance fund	879,535	589,011
Property and equipment	917,876	918,967
Total net assets without donor restrictions	<u>2,609,875</u>	<u>2,397,639</u>
Net assets with donor restrictions:	<u>312,564</u>	<u>339,806</u>
<i>Total net assets</i>	<u>2,922,439</u>	<u>2,737,445</u>
<i>Total liabilities and net assets</i>	<u>\$ 2,959,828</u>	<u>\$ 2,769,395</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, 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	<u>(104,079)</u>	<u>-</u>	<u>(104,079)</u>
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	<u>285,675</u>	<u>(285,675)</u>	<u>-</u>
<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	<u>209,491</u>	<u>-</u>	<u>209,491</u>
<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	<u>83,893</u>	<u>45,933</u>	<u>129,826</u>
<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 Activities

For the Year Ended December 31, 2018

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Revenue and support</i>			
<i>Revenue</i>			
Grants and contributions	\$ 617,438	\$ 121,750	\$ 739,188
Contract service revenue	412,321	-	412,321
Special event	254,949	-	254,949
Less: Event costs	(82,278)	-	(82,278)
Special event, net	172,671	-	172,671
Interest income	1,477	-	1,477
Donated goods and services	85,098	-	85,098
Net assets released from restrictions	190,145	(190,145)	-
<i>Total revenue and support</i>	1,479,150	(68,395)	1,410,755
<i>Expenses</i>			
Program expenses	950,637	-	950,637
General and administration	168,747	-	168,747
Fundraising	177,467	-	177,467
<i>Total expenses</i>	1,296,851	-	1,296,851
<i>Change in net assets before investment activity</i>	182,299	(68,395)	113,904
Investment loss, net	(15,261)	1,070	(14,191)
<i>Change in net assets</i>	167,038	(67,325)	99,713
<i>Net assets, beginning</i>	2,230,601	407,131	2,637,732
<i>Net assets, ending</i>	\$ 2,397,639	\$ 339,806	\$ 2,737,445

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, 2019 and 2018

	2019	2018
<i>Cash flows from operating activities</i>		
Change in net assets	\$ 184,994	\$ 99,713
<i>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</i>		
Depreciation	31,631	34,496
Unrealized (gains) / losses	(193,559)	61,788
<i>Changes in assets and liabilities:</i>		
Grants and pledges receivable	31,568	(68,000)
Contracts receivable	14,870	(4,641)
Prepaid expenses	11,893	(13,161)
Accounts payable and accrued expenses	(2,720)	(3,595)
Accrued payroll and related costs	8,159	(6,558)
<i>Net cash provided by operating activities</i>	86,836	100,042
<i>Cash flows from investing activities</i>		
Purchase of securities	(634,866)	(1,012,100)
Sales of securities	523,589	964,503
Acquisition of property and equipment	(30,540)	(22,995)
<i>Net cash used in investing activities</i>	(141,817)	(70,592)
<i>Net change in cash and cash equivalents</i>	(54,981)	29,450
<i>Cash and cash equivalents - beginning of year</i>	750,353	720,903
<i>Cash and cash equivalents - end of year</i>	\$ 695,372	\$ 750,353

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

	<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	\$ 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>	<u>821,851</u>	<u>116,884</u>	<u>157,434</u>	<u>1,096,169</u>
<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>	<u>91,166</u>	<u>7,552</u>	<u>5,767</u>	<u>104,485</u>
<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>	<u>193,084</u>	<u>68,511</u>	<u>46,290</u>	<u>307,885</u>
<i>Total expenses before event costs</i>	<u>1,106,101</u>	<u>192,947</u>	<u>209,491</u>	<u>1,508,539</u>
Event costs	-	-	104,079	104,079
<i>Total functional expenses</i>	<u>\$ 1,106,101</u>	<u>\$ 192,947</u>	<u>\$ 313,570</u>	<u>\$ 1,612,618</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, 2018

	<u>Program Services</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
<i>Personnel and related costs</i>				
Salaries	\$ 548,993	\$ 85,656	\$ 118,913	\$ 753,562
Payroll taxes	48,011	7,929	9,612	65,552
Fringe benefits	68,366	7,159	8,143	83,668
<i>Total personnel and related costs</i>	<u>665,370</u>	<u>100,744</u>	<u>136,668</u>	<u>902,782</u>
<i>Occupancy</i>				
Repairs and maintenance	32,052	2,027	1,728	35,807
Depreciation	30,878	1,953	1,665	34,496
Utilities	13,183	834	711	14,728
Property insurance	3,401	240	199	3,840
Equipment and furnishings	3,165	200	171	3,536
<i>Total occupancy</i>	<u>82,679</u>	<u>5,254</u>	<u>4,474</u>	<u>92,407</u>
<i>Other expenses</i>				
Client assistance	140,874	-	-	140,874
Legal, accounting and audit fees	-	48,536	-	48,536
Technology services and supplies	22,876	3,685	3,401	29,962
Printing and postage	3,414	339	4,754	8,507
Professional fees	6,514	443	409	7,366
Insurance	7,095	2,853	1,078	11,026
Fundraising	-	-	19,897	19,897
Office supplies	1,202	198	183	1,583
Telephone	8,103	512	437	9,052
Recruitment and training	10,747	1,520	2,974	15,241
Miscellaneous	1,763	4,663	3,192	9,618
<i>Total other expenses</i>	<u>202,588</u>	<u>62,749</u>	<u>36,325</u>	<u>301,662</u>
 <i>Total expenses before event costs</i>	 <u>950,637</u>	 <u>168,747</u>	 <u>177,467</u>	 <u>1,296,851</u>
 Event costs	 -	 -	 82,278	 82,278
 <i>Total functional expenses</i>	 <u>\$ 950,637</u>	 <u>\$ 168,747</u>	 <u>\$ 259,745</u>	 <u>\$ 1,379,129</u>

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

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2019 and 2018

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

Safe Haven/Keep The Keys Programs:

OTR's programs provide 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 helps the women achieve and sustain extraordinary accomplishments - from improving health, to getting jobs, to finding housing. About 2/3 of the over 500 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 concerns, 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 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, 2019 and 2018

Note 2 – Program Services (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 over 500 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

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, 2019 and 2018

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, temporarily restricted assets are reclassified to unrestricted net assets. 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.

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.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2019 and 2018

Note 3 – Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property, equipment, furnishings, 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.

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, 2019, and 2018, 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.

Contracts Receivable

As of December 31, 2019, and 2018, 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. There were no bad debts for the years presented.

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.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2019 and 2018

Note 3 – Summary of Significant Accounting Policies (Continued)

Revenue and support with donor restrictions and without donor restrictions

Contributions received are recorded as revenue with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is satisfied), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as net assets without donor restrictions.

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 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.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2019 and 2018

Note 4 – Investments

As of December 31, 2019, and 2018, OTR's investment portfolio consists of the following:

<i>December 31, 2019</i>					
		Fair Value	Fair Value	Total	Unrealized
	Cost	Level 1	Level 2	Fair Value	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>

<i>December 31, 2018</i>					
		Fair Value	Fair Value	Total	Unrealized
	Cost	Level 1	Level 2	Fair Value	Gains
Money market funds	\$ 118,703	\$ 118,703	\$ -	\$ 118,703	\$ -
Equity securities	328,946	417,539	-	417,539	88,593
Certificates of deposit	310,000	311,590	-	311,590	1,590
Mutual funds	14,112	14,112	-	14,112	-
Corporate bonds	49,664	49,761	-	49,761	97
Totals	<u>\$ 821,425</u>	<u>\$ 911,705</u>	<u>\$ -</u>	<u>\$ 911,705</u>	<u>\$ 90,280</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 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 in excess of the SIPC limits are \$216,541 and \$0 for 2019 and 2018, 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 in excess of the FDIC limits are \$440,591 and \$498,803 for 2019 and 2018, respectively.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2019 and 2018

Note 6 – Fixed assets

As of December 31, 2019, and December 31, 2018, fixed assets consisted of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 298,326	\$ 298,326
Building	696,094	696,094
Building improvements	391,791	366,041
Office and program equipment	106,137	101,347
	<u>1,492,348</u>	<u>1,461,808</u>
Accumulated depreciation	<u>(574,472)</u>	<u>(542,841)</u>
Fixed assets, net	<u>\$ 917,876</u>	<u>\$ 918,967</u>

Depreciation expenses for the year ended December 31, 2019 and December 31, 2018 were \$31,631 and \$34,496, respectively.

Note 7 – Operating leases

OTR leases equipment with monthly payments totaling \$658, through 2020 and 2026. The 2020 expiring lease expense was approximately \$6,175 and \$6,411 for the years ended December 31, 2019 and 2018, respectively. The 2026 expiring lease expense was approximately \$936 and \$0 for the years ended December 31, 2019 and 2018, respectively.

The remaining lease payments for the above commitment are:

<u>Year ending</u>	<u>Amount</u>
December 31, 2020	\$ 4,952
December 31, 2021	1,872
December 31, 2022	1,872
December 31, 2023	1,872
Thereafter	<u>4,680</u>
Total	<u>\$ 15,248</u>

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2019 and 2018

Note 8 – 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>2019</u>	<u>2018</u>
Contributions received	\$ 155,879	\$ 164,018
Special event ticket revenue	70,650	64,000
Donated goods and services	46,108	26,931
Gross event proceeds	<u>272,637</u>	<u>254,949</u>
Less: direct event costs	<u>(104,079)</u>	<u>(82,278)</u>
Net special event revenue	<u>\$ 168,558</u>	<u>\$ 172,671</u>

Note 9 – Donated goods and services

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

<u>Description</u>	<u>2019</u>	<u>2018</u>
Client assistance	\$ 58,081	\$ 72,119
Legal and professional fees	9,097	4,692
Repairs and maintenance	-	447
Fundraising volunteers	2,786	510
Other fundraising costs	12,770	7,330
Total	<u>\$ 82,734</u>	<u>\$ 85,098</u>

Note 10 – Net assets with donor restrictions

As of December 31, 2019, and 2018, net assets with donor restrictions consisted of the following:

<u>Nature of restriction</u>	<u>2019</u>	<u>2018</u>
Capital campaign - property maintenance	\$ 222,564	\$ 221,309
Keep The Keys - capacity building campaign	-	58,244
Keep The Keys program	-	40,000
Time restricted	90,000	20,000
Other	-	253
Total	<u>\$ 312,564</u>	<u>\$ 339,806</u>

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2019 and 2018

Note 10 – Net assets with donor restrictions (Continued)

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

<u>Nature of restriction</u>	<u>2019</u>	<u>2018</u>
Program restrictions:		
Keep The Keys - capacity building campaign	\$ 58,244	\$ 89,688
Programs	112,500	50,000
Other	253	5,497
Property maintenance	44,678	41,960
Time restrictions	70,000	3,000
	<u>\$ 285,675</u>	<u>\$ 190,145</u>

Note 11 – 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	\$ 695,372
Grants and pledges receivable	56,432
Contracts receivable	60,697
Investments	<u>1,216,541</u>
Total financial assets	2,029,042
Donor restricted funds	<u>(312,564)</u>
Net financial assets after donor restricted funds	1,716,478
Board designated funds	<u>(879,535)</u>
Financial assets available to meet expenditures within one year	<u>\$ 836,943</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 current financial assets less current 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, 2019, the level of liquidity and reserves was managed within the policy requirements.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2019 and 2018

Note 12 – 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.

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, 2019 and 2018:

	Percentage of Operating Revenues and Support		Percentage of Accounts Receivables	
	2019	2018	2019	2018
Commonwealth of Massachusetts				
DPH	18%	16%	19%	23%
MOVA	13%	13%	32%	23%

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, 2019 and 2018 or on its changes in net assets for the years then ended.

Note 13 – 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 \$20,555 and zero for the years ended December 31, 2019 and 2018.

Note 14 – 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 the Organization is in compliance with the OSD requirements.

ON THE RISE, INC.

Notes to Financial Statements

December 31, 2019 and 2018

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, 2019 to June 16, 2020, 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.

Supplemental Information

Schedule of Program Expenses

For the Years Ended December 31, 2019 and 2018

	2019				2018			
	<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	\$ 404,661	\$ 214,831	\$ 57,579	\$ 677,071	\$ 303,441	\$ 197,243	\$ 48,309	\$ 548,993
Payroll taxes	34,076	15,412	4,382	53,870	31,108	11,619	5,284	48,011
Fringe benefits	62,992	24,351	3,567	90,910	40,216	25,531	2,619	68,366
<i>Total personnel and related costs</i>	<u>501,729</u>	<u>254,594</u>	<u>65,528</u>	<u>821,851</u>	<u>374,765</u>	<u>234,393</u>	<u>56,212</u>	<u>665,370</u>
<i>Occupancy</i>								
Repairs and maintenance	33,294	4,765	1,415	39,474	26,083	3,724	2,245	32,052
Depreciation	23,314	3,337	991	27,642	25,128	3,588	2,162	30,878
Utilities	10,206	1,461	434	12,101	10,728	1,532	923	13,183
Property insurance	9,853	1,426	422	11,701	2,810	417	174	3,401
Equipment and furnishings	210	30	9	249	2,575	368	222	3,165
<i>Total occupancy</i>	<u>76,877</u>	<u>11,019</u>	<u>3,271</u>	<u>91,167</u>	<u>67,324</u>	<u>9,629</u>	<u>5,726</u>	<u>82,679</u>
<i>Other expenses</i>								
Client assistance	106,672	41,908	-	148,580	106,182	34,692	-	140,874
Legal, accounting and audit fees	-	-	-	-	-	-	-	-
Technology services and supplies	12,720	5,545	1,266	19,531	14,168	6,776	1,932	22,876
Printing and postage	862	376	1,359	2,597	1,256	623	1,535	3,414
Professional fees	1,721	750	171	2,642	5,468	814	232	6,514
Insurance	-	-	-	-	4,333	2,149	613	7,095
Fundraising	-	-	-	-	-	-	-	-
Office supplies	1,345	583	133	2,061	734	364	104	1,202
Telephone	6,608	946	281	7,835	6,594	942	567	8,103
Recruitment and training	4,928	1,759	245	6,932	6,244	3,918	585	10,747
Miscellaneous	1,718	908	279	2,905	1,552	53	158	1,763
<i>Total other expenses</i>	<u>136,574</u>	<u>52,775</u>	<u>3,734</u>	<u>193,083</u>	<u>146,531</u>	<u>50,331</u>	<u>5,726</u>	<u>202,588</u>
<i>Total expenses</i>	<u>\$ 715,180</u>	<u>\$ 318,388</u>	<u>\$ 72,533</u>	<u>\$ 1,106,101</u>	<u>\$ 588,620</u>	<u>\$ 294,353</u>	<u>\$ 67,664</u>	<u>\$ 950,637</u>