ON THE RISE, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2022

Smith Sullivan & Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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ON THE RISE, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Mission Statement

On The Rise's work begins with individuals experiencing homelessness, and continues if and when they secure housing. From our origin as a women's organization, our programs have evolved toward inclusion of those historically and structurally oppressed on the basis of gender.

For those with the fewest options, we cultivate long-term relationships that foster safety and belonging. Guided by the strength and initiative of our program participants, we join their journey to wellbeing, as skilled partners and advocates.

Throughout this journey, we engage with the people, programs and systems that most affect our participants, working to build a society that nourishes their wellbeing.

www.ontherise.org

ON THE RISE, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

C O N T E N T S

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022 and the related statements of activities, functional expenses 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, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole 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 and *Government 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 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.

To the Board of Directors
On The Rise, Inc.

In performing an audit in accordance with generally accepted auditing standards and *Government 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2023 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 solely 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 the effectiveness of On The Rise, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering On The Rise, Inc.'s internal control over financial reporting and compliance.

Smith, Sullivan & Brown, PC.

Westborough, Massachusetts
July 18, 2023

ON THE RISE, INC.

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2022

ASSETS

CURRENT ASSETS:	
Cash	$ 946,712
Grants Receivable, Government Contracts and Grants	183,053
Grants, Contributions and Pledges Receivable	58,000
Prepaid Expenses	24,831
Total Current Assets	1,212,596
PROPERTY AND EQUIPMENT, NET	941,033
NON-CURRENT ASSETS:	
Financing Lease Right-of-Use Asset	7,625
Investments	1,374,466
Total Non-Current Assets	1,382,091
TOTAL ASSETS	$ 3,535,720

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts Payable	$ 22,095
Accrued Payroll and Related Costs	57,567
Financing Lease Liability, Current Portion	2,129
Total Current Liabilities	81,791
LONG-TERM LIABILITIES:	
Financing Lease Liability, Non-Current	5,733
TOTAL LIABILITIES	87,524
NET ASSETS:	
Net Assets Without Donor Restrictions:	
Undesignated	1,188,184
Board Designated Property Maintenance Fund	1,064,586
Property and Equipment	941,033
Total Net Assets Without Donor Restrictions	3,193,803
Net Assets With Donor Restrictions	254,393
Total Net Assets	3,448,196
TOTAL LIABILITIES AND NET ASSETS	$ 3,535,720

ON THE RISE, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL ACTIVITIES
SUPPORT, REVENUES AND RECLASSIFICATIONS:			
Support and Revenues:			
Government Grants and Contracts	$ 793,469	$ -	$ 793,469
Private Gifts, Grants and Contributions	703,331	82,950	786,281
Proceeds from Special Events	273,949	-	273,949
Less: Cost of Direct Benefits to Donors	(84,686)	-	(84,686)
Donated Goods and Services	83,129	-	83,129
Interest Income	1,464	-	1,464
Reclassifications of Net Assets:			
Satisfaction of Donor Restrictions	45,370	(45,370)	-
TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS	**1,816,026**	**37,580**	**1,853,606**
EXPENSES:			
Program Services	1,238,089	-	1,238,089
Administrative	336,327	-	336,327
Fundraising	274,574	-	274,574
TOTAL EXPENSES	**1,848,990**	**-**	**1,848,990**
CHANGE IN NET ASSETS BEFORE INVESTMENT ACTIVITY	**(32,964)**	**37,580**	**4,616**
Investment Return, Net	(118,206)	(19,204)	(137,410)
TOTAL CHANGE IN NET ASSETS	**(151,170)**	**18,376**	**(132,794)**
NET ASSETS - BEGINNING OF YEAR	**3,344,973**	**236,017**	**3,580,990**
NET ASSETS - END OF YEAR	**$ 3,193,803**	**$ 254,393**	**$ 3,448,196**

ON THE RISE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES	ADMINI-STRATIVE	FUND-RAISING	COST OF DIRECT BENEFIT TO DONORS	TOTAL
PERSONNEL AND RELATED COSTS:					
Salaries	$ 692,455	$ 119,496	$ 180,435	$ -	$ 992,386
Payroll Taxes	56,253	10,251	14,382	-	80,886
Fringe Benefits	100,359	19,063	20,878	-	140,300
Total Personnel and Related Costs	849,067	148,810	215,695	-	1,213,572
OCCUPANCY:					
Repairs and Maintenance	65,187	5,018	4,770	-	74,975
Depreciation Expense	43,803	3,372	3,205	-	50,380
Utilities	11,609	894	850	-	13,353
Property Insurance	15,203	1,341	1,345	-	17,889
Small Equipment and Furnishings	934	72	68	-	1,074
Total Occupancy	136,736	10,697	10,238	-	157,671
OTHER EXPENSES:					
Client Assistance	136,184	-	-	-	136,184
Donated Goods and Services	38,467	-	-	-	38,467
Technology Services and Supplies	20,732	3,473	4,081	-	28,286
Printing and Postage	3,628	327	384	-	4,339
Professional Fees	11,116	126,549	4,055	-	141,720
Insurance	-	2,141	-	-	2,141
Fundraising	-	-	24,818	84,686	109,504
Office Supplies	12,525	2,100	2,466	-	17,091
Telephone	7,027	1,177	1,383	-	9,587
Recruitment and Training	13,005	26,616	1,979	-	41,600
Miscellaneous	9,602	14,437	9,475	-	33,514
Total Other Expenses	252,286	176,820	48,641	84,686	562,433
Total Functional Expenses	**1,238,089**	**336,327**	**274,574**	**84,686**	**1,933,676**
Cost of Direct Benefits to Donors	-	-	-	(84,686)	(84,686)
Expenses as Presented on the Statement of Activities	**$ 1,238,089**	**$ 336,327**	**$ 274,574**	**$ -**	**$ 1,848,990**

ON THE RISE, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	$ (132,794)
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:	
Depreciation Expense	50,380
Amortization of Financing Lease Right-of-Use Asset	2,232
Investment Return, Net	137,410
(Increase) Decrease in Current Assets:	
Grants Receivable, Government Contracts and Grants	(86,143)
Grants, Contributions and Pledges Receivable	57,000
Prepaid Expenses	(8,030)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	15,004
Accrued Payroll and Related Costs	4,025
Net Adjustment	171,878
NET CASH PROVIDED BY OPERATING ACTIVITIES	**39,084**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of Property and Equipment	(58,771)
Purchase of Investments	(562)
Net Cash Flows From Investing Activities	(59,333)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal Payments on Finance Leases	(1,995)
Net Cash Flows From Financing Activities	(1,995)
NET DECREASE IN CASH BALANCES	**(22,244)**
CASH BALANCES - BEGINNING OF YEAR	**968,956**
CASH BALANCES - END OF YEAR	**$ 946,712**

NOTE 1 ORGANIZATION

On The Rise, Inc. ("On The Rise" or the "Organization") was incorporated in 1995 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code ("IRC"). On The Rise 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. The Organization is primarily funded through government contracts and gifts, grants and contributions from the general public.

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 community members 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 wellbeing 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

NOTE 2 *(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 wellbeing that were not available in homelessness. Each year, about one-third of participants are in housing.

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 individuals 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 financial statements of On The Rise, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") 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 revenue 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.

NOTE 3 *(Continued)*

Measure of Operations:

The Statement of Activities presents the change in net assets from operating activities and from non-operating activities. Operating revenue and expenses are related primarily to the mission of and program activities provided by On The Rise. Non-operating activities consist primarily of the Organization's investment return.

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 statement are the recurring measurement of investments.

Financial Statement Presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as defined below.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. As of December 31, 2022, the Organization has no net assets that are required to be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due.

NOTE 3 *(Continued)*

Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Receivables:

Grants Receivable, Government Contracts and Grants represent amounts which are primarily due from municipalities, government agencies, and subcontracted government grants. *Grants, Contributions and Pledges Receivable* represent all other unconditional promises to give.

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give with expected payment dates that extend beyond one year are initially reported at their present value when considered material. In subsequent years, amortization of the discounts is included in *Gifts, Grants and Contributions* revenue in the Statement of Activities.

The Organization determines the allowance for uncollectible amounts based on historical experience, an assessment of economic conditions and a review of subsequent collections. Management believes that these amounts are fully collectible, and therefore, no allowance for doubtful amounts has been established. For the year presented, On The Rise reported no losses from uncollectible receivables.

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. Costs for repairs to maintain the building in compliance with local building codes are expensed when incurred. Depreciation of property and equipment is computed using the straight-line method, and is charged to activities over the estimated useful lives of the assets, as expressed in terms of years.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of the property. There were no impairment losses recognized in the year presented.

Investments:

Investment purchases are recorded at cost, or if donated at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. Net investment return (loss) is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

As of December 31, 2022, *Investments* are reported within the non-current classification as it is Management's intention to maintain these funds to support the long-term needs of the Organization.

NOTE 3 *(Continued)*

Right of Use Asset and Lease Liability:

The Organization determines if an arrangement is a lease at inception. The Organization has elected to exclude short-term leases of twelve months or less from the requirements of ASC 842 and will continue to account for these leases on a straight-line basis under the previous standard. Short-term lease expenses, operating and financing lease expenses are presented separately in the Statement of Functional Expenses when such amounts are material. For the year presented, the Organization did not have any operating leases with a term in excess of twelve months.

Financing leases are included in *Financing Lease Right of Use Asset* ("ROU asset"), *Financing Lease Liability, Current* and *Financing Lease Liability, Non-Current* in the Statement of Financial Position. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization has elected to use a risk-free rate since the rate inherent in the lease is unknown.

The ROU asset includes any lease payments made and excludes lease incentives paid at the inception of the lease. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Revenue Recognition:

Private Gifts, Grants and Contributions: The Organization is the beneficiary of contributions in the form of grants from other organizations, donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the organization reasonably expects to collect. 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 net assets with donor restrictions until the restrictions are met, at which time the net assets are reclassified to net assets without donor restrictions.

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met.

Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable advance. When the conditions are met the revenue is reported as contributions without restrictions unless there are further restrictions over and above those associated with the donor conditions.

NOTE 3 *(Continued)*

Government Grants and Contracts: On The Rise is the recipient of various federal, state and local government funded service contracts and grants. These contracts are primarily administered on a unit of service or cost-reimbursement basis. On The Rise's government contracts are considered conditional grant funding which is released to revenue when the units of services are delivered or allowable expenditures have been made, which is the point where the conditions are considered to have been met.

As more fully described in Note 7, a significant portion of On The Rise's revenue for providing non-residential support services is derived from unit rate contracts established by the Commonwealth of Massachusetts Department of Public Health ("DPH"). In addition, the Organization receives funding through cost-reimbursable contracts and grants through a Victim & Survivor Services ("VSS") grant award. These contracts are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. Grants administered by MOVA may also require a non-federal match as a condition to funding.

On The Rise invoices the above agencies after units have been delivered or expenses have been incurred and does not receive payment in advance of service delivery; accordingly, there is no obligation for conditional grant advances arising from these agreements in the accompanying financial statements.

Special Events: Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. On The Rise recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, which is included in *Private Gifts, Grants and Contributions* in the accompanying Statement of Activities, unless there is a right of return if the special event does not take place.

Donated Goods and Services: Contributed nonfinancial assets include donated professional services, donated goods, and other in-kind contributions which are recorded at the respective fair values of the goods or services received *(See Note 9)*. For the year presented, there were no donor restrictions on donated goods and services. The Organization does not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Functional Expenses:

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that are common to several functions are allocated by the Organization's cost allocation plan. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. In the accompanying Statement of Functional Expenses, *Salaries, Payroll Taxes, Fringe Benefits, Technology Services and Supplies, Office Supplies,* and *Telephone* are all allocated based on estimates of time and effort, whereas *Occupancy* accounts related to the facility are allocated based on usage and square footage estimates. Supporting services have been sub-classified as follows:

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

NOTE 3 *(Continued)*

Fundraising - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds for On The Rise's programs. *Cost of Direct Benefit to Donors* related to special fundraising events is presented separately in the Statement of Functional Expenses and is also presented net of event proceeds in the accompanying Statement of Activities.

Recent Accounting Guidance:

Recently Implemented Standards

During the year ended June 30, 2022, the Organization adopted ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU increases transparency in reporting nonprofit gifts-in-kind in the Organization's financial statements. Although the standard did not change the accounting for contributed nonfinancial assets, the Organization's disclosures have been enhanced to provide qualitative policy information on the techniques and inputs used to determine the valuation of nonfinancial donations.

In February 2016, the FASB issued ASC Update No. 2016-02, (Topic 842) *Leases* which establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. This standard was adopted by the Organization effective January 1, 2022. As a result of implementation, on January 1, 2022, the Organization made an adjustment to its Statement of Financial Position to record $9,857 in ROU assets and liabilities.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of December 31, 2022:

Description	Est. Life	Cost	Accumulated Depreciation	Net Book Value
Land	-	$ 298,326	$ -	$298,326
Building	40	696,094	396,700	299,394
Building Improvements	10 - 40	478,902	170,178	308,724
Office and Program Equipment	3 - 7	169,771	135,182	34,589
Total		$1,643,093	$702,060	$941,033

NOTE 5 INVESTMENTS

The following is a summary of the Organization's investment portfolio as of December 31, 2022:

Investment Description	Cost Basis	Unrealized Gains	Fair Value (Level 1)	Fair Value Total
Cash	$ 668,651	$ -	$ -	$ 668,651
Mutual Funds - Fixed Income	90,251	-	90,251	90,251
Domestic Common Stock	406,538	209,026	615,564	615,564
Total	$1,165,440	$209,026	$705,815	$1,374,466

NOTE 5 *(Continued)*

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

Mutual Funds - Fixed Income - valued at the regular trading session closing price on the exchange or market in which such funds are principally traded.

Domestic Common Stock - valued at the regular trading session closing price on the exchange or market in which such funds are principally traded.

NOTE 6 DESIGNATIONS AND RESTRICTIONS OF NET ASSETS

Net Assets Without Donor Restrictions:

As of December 31, 2022, net assets without donor restrictions were designated by the Board of Directors for a Property Maintenance Fund. The following schedule summarizes the change in the Property Maintenance Fund for the year ended December 31, 2022:

Board Designated - Property Maintenance Fund, December 31, 2021	$1,175,680
Investment Return	(111,094)
Board Designated - Property Maintenance Fund, December 31, 2022	$1,064,586

Net Assets With Donor Restrictions:

As of December 31, 2022, net assets with donor restrictions reflects donations restricted for the following donor-specified purposes:

Nature and Type of Restriction	Amount
Property Maintenance	$189,478
Program	39,915
Time Restricted	25,000
Total	$254,393

For the year presented, net assets were released from restriction for the Safe Haven and Keep the Keys programs.

NOTE 7 GOVERNMENT FUNDED SERVICE CONTRACTS

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. Revenue recognized under DPH contracts for the year presented accounted for 31% of total support and revenue. As of December 31, 2022, amounts due under this contract accounted for 45% of total *Grants Receivable, Government Contracts and Grants*.

NOTE 7 *(Continued)*

Massachusetts Office for Victim Assistance ("MOVA"):

The MOVA contract funds staff positions in the *Safe Haven* and *Keep The Keys* programs as approved in advance by MOVA. Revenue recognized under this contract for the year presented accounted for 12% of total support and revenue. As of December 31, 2022, amounts due under this contract accounted for 31% of total *Grants Receivable, Government Contracts and Grants*.

These service contracts are subject to an annual renewal process and future funding is not guaranteed. The Organization is subject to audit by the respective funding agencies. In the opinion of Management, the results of such audits will not have a material effect on the financial statements for the year ended December 31, 2022 or on its changes in net assets for the year then ended.

NOTE 8 FUNDRAISING ACTIVITIES

A summary of the annual fundraising event, "Prepare for Winter Dinner" is presented below.

Description	Amount
Contributions	$ 205,549
Special Event Ticket Revenue	68,400
Donated Goods - Auction Items	18,699
Gross Event Proceeds	292,648
Less: Direct Event Costs*	(103,385)
Net Event Revenue	$ 189,263

*Includes Donated Auction Items

NOTE 9 DONATED GOODS AND SERVICES

A summary of donated goods and services for the year presented is summarized below:

Description	Amount
Client Assistance	$38,467
Legal and Professional Fees	36,682
Fundraising Costs	7,980
Total	$83,129

Client assistance primarily consists of food purchased by volunteers for On The Rise's participants. The fair value of these donations is based on the cost to purchase the food by the donor and is 100% for program activities.

Contributed legal services are provided by attorneys who advise the Organization on various administrative matters. These services are recognized at fair value based on current rates for similar services.

In-kind fundraising includes gift cards and other items used as part of the On The Rise fundraising program. The fair value is determined by the cost to purchase the gift card or other items used for fundraising purposes.

NOTE 10 EMPLOYEE RETIREMENT PLAN

On The Rise 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. For the year presented, On The Rise contributed 3% to all eligible employees, and matched up to 2% for employees who contribute to the plan; therefore, $40,025 in retirement expense is included in *Fringe Benefits* in the accompanying Statement of Functional Expenses.

NOTE 11 LEASE OBLIGATIONS

On May 14, 2019, On The Rise entered into a seven-year lease for two washers and dryers. Monthly payments under the lease were $181 escalating by 5% per year through May 2026.

The lease cost and other information related to the On The Rise's lease for the year ended December 31, 2022 is as follows:

Finance Lease Cost:	
Interest Expense (reported in Miscellaneous Expenses)	$ 120
Amortization of ROU Asset	$2,232
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Financing Lease	$ 120
Financing Cash Flows from Financing Lease	$1,995
Right of Use Asset Obtained in Exchange for Financing Lease Liabilities	$9,857
Remaining Lease Term in Years - Financing Lease	3.5
Discount Rate - Financing Lease	1.37%

Future minimum annual lease payments for the lease term are as follows:

Year Ending	Amount
December 31, 2023	$2,230
December 31, 2024	2,342
December 31, 2025	2,459
December 31, 2026	1,045
Total Undiscounted Cash Flows	8,076
Less: Present Value Discount	(214)
Total Financing Lease Liabilities	$7,862

NOTE 12 CONCENTRATION OF CREDIT RISK

Cash:

The Organization's cash is held in one financial institution. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per institution. As of December 31, 2022, On The Rise had $663,700 in excess of FDIC limits. However, the Organization has not experienced any losses on such accounts.

NOTE 12 *(Continued)*

Investments:

The Organization invests or holds a variety of investment vehicles, including common stock, corporate and governmental obligations, and mutual funds. These investments are exposed to interest rate, market, credit and other risks depending upon the nature of the investment. Accordingly, it is reasonably possible that these factors will result in changes in the value of the Organization's investments; however, the Organization's investments do not represent significant concentrations of market risk considering the Organization's portfolio is widely diversified among issuers.

NOTE 13 CONTINGENCIES

Surplus Revenue Retention:

The Commonwealth of Massachusetts Operational Services Division ("OSD") regulates some aspects of programs that receive state funding, including components of On The Rise's programs. Under OSD guidance, (808 CMR 1.19(3), *Not-for-Profit Surplus Revenue Retention*), On The Rise may not retain a surplus in excess of twenty percent of state funding in any given year. Management concludes that On The Rise is in compliance with OSD requirements.

NOTE 14 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of December 31, 2022, which are available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the Statement of Financial Position date or because the governing board has set aside the funds for a specific use or when restricted by donors for purposes more limited that general expenditures.

Financial Assets:	
Cash	$ 946,712
Grants Receivable, Government Contracts and Grants	183,053
Grants, Contributions and Pledges Receivable	58,000
Total Financial Assets Available to Meet General Expenditures Within One Year	$1,187,765

As part of the Organization's liquidity management, the Board of Directors has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's cash flows have seasonal variations during the year attributable to billing for program services, which are invoiced monthly, as well as the timing of its special fundraising event.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of operating its program, as described in Note 2, as well as the conduct of services undertaken to support those activities to be general expenditures.

As discussed in Note 6, 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. These funds can be made available by a Board vote if determined necessary.

NOTE 15 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 July 18, 2023, the date which the financial statements were available for issue, and noted the following event which met the disclosure criteria:

Employee Retention Tax Credit:

The Employee Retention Credit was introduced by the U.S. CARES Act in 2020 and is a refundable tax credit against certain employment taxes, Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 or during the first three quarters of calendar year 2021, and experience either: (1) the full or partial suspension of the operation of their trade or business during any calendar quarter because of governmental orders limiting commerce, travel or group meetings due to COVID-19, or (2) a significant decline in gross receipts.

The tax credit for the calendar quarters January 1, 2021 through September 30, 2021 is equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee is $10,000 of qualified wages per quarter.

Subsequent to year end, the Organization plans to file amended quarterly tax returns for certain 2021 quarters as it is Management's opinion that On The Rise has met the qualifications necessary to receive approximately $160,000 under the Employee Retention Credit program.