

ON THE RISE, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED DECEMBER 31, 2014 AND 2013

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581
Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com

ON THE RISE, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

Mission Statement

On The Rise creates a community where women have the relationships, safety and resources they need to move out of homelessness. We engage with those most in need and support their initiative and strength as they move beyond crisis and discover new possibilities.

ON THE RISE, INC.
REPORT ON FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2014 AND 2013

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of On The Rise, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of On The Rise, Inc. as of December 31, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
On The Rise, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2015 on our consideration of On The Rise, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering On The Rise, Inc.'s internal control over financial reporting and compliance.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
May 12, 2015

ON THE RISE, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2014 AND 2013

<u>ASSETS</u>	2014			2013		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>CURRENT ASSETS:</u>						
Cash	\$ 609,812	\$ -	\$ 609,812	\$ 513,784	\$ -	\$ 513,784
Grants Receivable, Current	-	90,000	90,000	-	70,000	70,000
Contracts Receivable	23,817	-	23,817	42,452	-	42,452
Prepaid Expenses	13,284	-	13,284	10,863	-	10,863
Total Current Assets	646,913	90,000	736,913	567,099	70,000	637,099
 <u>NET PROPERTY AND EQUIPMENT</u>	 915,219	 -	 915,219	 944,355	 -	 944,355
 <u>NON-CURRENT ASSETS:</u>						
Grants Receivable, Non-Current	-	-	-	-	50,000	50,000
Investments	467,342	356,496	823,838	418,770	360,394	779,164
Total Non-Current Assets	467,342	356,496	823,838	418,770	410,394	829,164
 <u>TOTAL ASSETS</u>	 \$ 2,029,474	 \$ 446,496	 \$ 2,475,970	 \$ 1,930,224	 \$ 480,394	 \$ 2,410,618
 <u>LIABILITIES AND NET ASSETS</u>						
 <u>CURRENT LIABILITIES:</u>						
Accounts Payable and Accrued Expenses	\$ 16,936	\$ -	\$ 16,936	\$ 25,008	\$ -	\$ 25,008
Accrued Payroll and Related Costs	25,841	-	25,841	17,465	-	17,465
Total Current Liabilities	42,777	-	42,777	42,473	-	42,473
 <u>NET ASSETS:</u>						
Unrestricted:						
Operating	604,136	-	604,136	524,626	-	524,626
Board Designated	467,342	-	467,342	418,770	-	418,770
Property and Equipment	915,219	-	915,219	944,355	-	944,355
Total Unrestricted Net Assets	1,986,697	-	1,986,697	1,887,751	-	1,887,751
Temporarily Restricted Net Assets	-	446,496	446,496	-	480,394	480,394
Total Net Assets	1,986,697	446,496	2,433,193	1,887,751	480,394	2,368,145
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 \$ 2,029,474	 \$ 446,496	 \$ 2,475,970	 \$ 1,930,224	 \$ 480,394	 \$ 2,410,618

ON THE RISE, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014			2013		
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>						
<i>Support:</i>						
Grants and Contributions	\$ 503,994	\$ 60,000	\$ 563,994	\$ 530,678	\$ 105,000	\$ 635,678
Special Event Revenue, Net of Direct Costs	161,259	-	161,259	152,013	-	152,013
Donated Goods and Services	86,425	-	86,425	80,009	-	80,009
Total Support	<u>751,678</u>	<u>60,000</u>	<u>811,678</u>	<u>762,700</u>	<u>105,000</u>	<u>867,700</u>
<i>Revenues:</i>						
Contract Service Revenue	273,510	-	273,510	258,949	-	258,949
Interest and Dividend Income	1,132	-	1,132	1,267	-	1,267
Total Revenues	<u>274,642</u>	<u>-</u>	<u>274,642</u>	<u>260,216</u>	<u>-</u>	<u>260,216</u>
<i>Reclassification of Net Assets:</i>						
Satisfaction of Donor Restrictions	117,079	(117,079)	-	66,967	(66,967)	-
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>1,143,399</u>	<u>(57,079)</u>	<u>1,086,320</u>	<u>1,089,883</u>	<u>38,033</u>	<u>1,127,916</u>
<u>FUNCTIONAL EXPENSES:</u>						
<i>Program Services:</i>						
Keep the Keys/Safe Haven	648,760	-	648,760	671,860	-	671,860
Community Outreach and Education	142,868	-	142,868	120,566	-	120,566
Total Program Services	<u>791,628</u>	<u>-</u>	<u>791,628</u>	<u>792,426</u>	<u>-</u>	<u>792,426</u>
<i>Supporting Services:</i>						
Administrative	112,218	-	112,218	118,161	-	118,161
Fund Raising	155,965	-	155,965	144,541	-	144,541
Total Supporting Services	<u>268,183</u>	<u>-</u>	<u>268,183</u>	<u>262,702</u>	<u>-</u>	<u>262,702</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>1,059,811</u>	<u>-</u>	<u>1,059,811</u>	<u>1,055,128</u>	<u>-</u>	<u>1,055,128</u>
<u>CHANGE IN NET ASSETS</u>						
<u>BEFORE INVESTMENT ACTIVITY</u>	83,588	(57,079)	26,509	34,755	38,033	72,788
Investment Activity	15,358	23,181	38,539	60,958	62,732	123,690
<u>TOTAL CHANGE IN NET ASSETS</u>	98,946	(33,898)	65,048	95,713	100,765	196,478
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>1,887,751</u>	<u>480,394</u>	<u>2,368,145</u>	<u>1,792,038</u>	<u>379,629</u>	<u>2,171,667</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 1,986,697</u>	<u>\$ 446,496</u>	<u>\$ 2,433,193</u>	<u>\$ 1,887,751</u>	<u>\$ 480,394</u>	<u>\$ 2,368,145</u>

ON THE RISE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	KEEP THE KEYS/ SAFE HAVEN	COMMUNITY OUTREACH AND EDUCATION	TOTAL PROGRAM SERVICES	ADMINIS- TRATIVE	FUND RAISING	TOTAL SUPPORTING SERVICES	
<u>PERSONNEL AND RELATED COSTS:</u>							
Salaries	\$ 344,418	\$ 95,899	\$ 440,317	\$ 54,429	\$ 90,146	\$ 144,575	\$ 584,892
Payroll Taxes	30,995	6,640	37,635	5,162	6,933	12,095	49,730
Fringe Benefits	50,139	20,771	70,910	1,977	5,231	7,208	78,118
Total Personnel and Related Costs	<u>425,552</u>	<u>123,310</u>	<u>548,862</u>	<u>61,568</u>	<u>102,310</u>	<u>163,878</u>	<u>712,740</u>
<u>OCCUPANCY:</u>							
Repairs and Maintenance	34,964	3,060	38,024	2,621	3,060	5,681	43,705
Depreciation Expense	26,800	2,345	29,145	2,008	2,345	4,353	33,498
Utilities	8,989	786	9,775	674	786	1,460	11,235
Property Insurance	2,511	219	2,730	188	220	408	3,138
Small Equipment and Furnishings	1,752	153	1,905	131	153	284	2,189
Total Occupancy	<u>75,016</u>	<u>6,563</u>	<u>81,579</u>	<u>5,622</u>	<u>6,564</u>	<u>12,186</u>	<u>93,765</u>
<u>OTHER EXPENSES:</u>							
Client Assistance	106,208	-	106,208	-	-	-	106,208
Legal and Accounting	2,229	417	2,646	34,918	417	35,335	37,981
Technology Services and Supplies	14,830	2,728	17,558	2,748	5,890	8,638	26,196
Printing and Postage	2,247	6,477	8,724	483	1,042	1,525	10,249
Professional Fees	1,882	353	2,235	353	353	706	2,941
Insurance	5,857	513	6,370	2,079	513	2,592	8,962
Fund Raising Volunteers and Expenses	-	-	-	-	34,634	34,634	34,634
Office Supplies	3,151	591	3,742	591	591	1,182	4,924
Telephone	4,427	387	4,814	332	387	719	5,533
Recruitment and Training	4,485	-	4,485	1,468	292	1,760	6,245
Miscellaneous	2,876	1,529	4,405	2,056	2,972	5,028	9,433
Total Other Expenses	<u>148,192</u>	<u>12,995</u>	<u>161,187</u>	<u>45,028</u>	<u>47,091</u>	<u>92,119</u>	<u>253,306</u>
Total Functional Expenses	<u>\$ 648,760</u>	<u>\$ 142,868</u>	<u>\$ 791,628</u>	<u>\$ 112,218</u>	<u>\$ 155,965</u>	<u>\$ 268,183</u>	<u>\$ 1,059,811</u>

ON THE RISE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	KEEP THE KEYS/ SAFE HAVEN	COMMUNITY OUTREACH AND EDUCATION	TOTAL PROGRAM SERVICES	ADMINIS- TRATIVE	FUND RAISING	TOTAL SUPPORTING SERVICES	
<u>PERSONNEL AND RELATED COSTS:</u>							
Salaries	\$ 367,776	\$ 87,604	\$ 455,380	\$ 61,221	\$ 91,187	\$ 152,408	\$ 607,788
Payroll Taxes	34,113	7,321	41,434	5,338	8,202	13,540	54,974
Fringe Benefits	49,497	4,278	53,775	2,138	5,669	7,807	61,582
Total Personnel and Related Costs	<u>451,386</u>	<u>99,203</u>	<u>550,589</u>	<u>68,697</u>	<u>105,058</u>	<u>173,755</u>	<u>724,344</u>
<u>OCCUPANCY:</u>							
Repairs and Maintenance	36,348	3,181	39,529	2,726	3,181	5,907	45,436
Depreciation Expense	27,869	2,439	30,308	2,089	2,439	4,528	34,836
Utilities	8,243	721	8,964	618	721	1,339	10,303
Property Insurance	2,024	338	2,362	307	399	706	3,068
Small Equipment and Furnishings	1,718	150	1,868	129	150	279	2,147
Total Occupancy	<u>76,202</u>	<u>6,829</u>	<u>83,031</u>	<u>5,869</u>	<u>6,890</u>	<u>12,759</u>	<u>95,790</u>
<u>OTHER EXPENSES:</u>							
Client Assistance	99,858	-	99,858	-	-	-	99,858
Legal and Accounting	9,957	1,838	11,795	34,870	1,838	36,708	48,503
Technology Services and Supplies	16,812	3,104	19,916	2,845	3,104	5,949	25,865
Printing and Postage	2,119	7,189	9,308	358	5,378	5,736	15,044
Professional Fees	1,784	329	2,113	1,802	1,429	3,231	5,344
Insurance	4,007	775	4,782	2,371	714	3,085	7,867
Fund Raising Volunteers and Expenses	-	-	-	-	18,499	18,499	18,499
Office Supplies	2,232	412	2,644	412	377	789	3,433
Telephone	3,790	332	4,122	283	332	615	4,737
Recruitment and Training	2,851	30	2,881	654	214	868	3,749
Miscellaneous	862	525	1,387	-	708	708	2,095
Total Other Expenses	<u>144,272</u>	<u>14,534</u>	<u>158,806</u>	<u>43,595</u>	<u>32,593</u>	<u>76,188</u>	<u>234,994</u>
Total Functional Expenses	<u>\$ 671,860</u>	<u>\$ 120,566</u>	<u>\$ 792,426</u>	<u>\$ 118,161</u>	<u>\$ 144,541</u>	<u>\$ 262,702</u>	<u>\$ 1,055,128</u>

ON THE RISE, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 65,048	\$ 196,478
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Depreciation Expense	33,498	34,836
Donated Stock	(1,082)	(2,379)
Investment Gains	(34,838)	(120,999)
<i>(Increase) Decrease in Current Assets:</i>		
Grants Receivable	(20,000)	(50,000)
Contracts Receivable	18,635	(21,619)
Prepaid Expenses	(2,421)	(3,324)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(8,072)	(5,884)
Accrued Payroll and Related Costs	8,376	3,865
<i>(Increase) Decrease in Non-Current Assets:</i>		
Grants Receivable	50,000	(30,000)
Net Adjustment	44,096	(195,504)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>109,144</u>	<u>974</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Interest and Dividends, Net of Fees	(3,661)	(2,449)
Proceeds from Sale of Investments	1,042	3,818
Reclassification of Cash from (to) Investments	(6,135)	5,449
Acquisition of Property and Equipment	(4,362)	(5,715)
Net Cash Flows from Investing Activities	(13,116)	1,103
<u>NET INCREASE IN CASH BALANCES</u>	<u>96,028</u>	<u>2,077</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>513,784</u>	<u>511,707</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 609,812</u>	<u>\$ 513,784</u>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

NOTE 1 ORGANIZATION

On The Rise, Inc. (“On The Rise”, “OTR” or the “Organization”) was incorporated in 1995 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. On The Rise, Inc. has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES

Keep the Keys/Safe Haven Program:

OTR's core programming provides tangible aid and long-term, broad-based support to women, starting when they are homeless or in crisis.

Safe Haven:

Through comprehensive daytime direct services, OTR engages and annually assists approximately 350 - 400 severely disenfranchised women, providing emotional, practical, and professional support that helps the women achieve and sustain extraordinary accomplishments - from improving health, to getting jobs, to finding housing. The goals of the program are to:

Goal 1: Provide a safe space six days a week where women can find practical necessities and a supportive community to begin to explore the steps they need to take to move out of homelessness and increase their quality of life.

Goal 2: Provide advice, assistance, accompaniment and advocacy for women addressing housing, abuse, trauma, physical/mental health, legal, and other urgent needs and issues.

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

OTR relies on a collaborative network with approximately fifty other human service providers. This network helps the program facilitate a woman’s access and success in programs such as domestic and sexual violence services, detoxification programs, emergency and transitional shelters and housing, legal and healthcare services, and more. OTR does not duplicate other services, but fills in the cracks to make the whole system work better for women who need it the most.

Many women at OTR must cope with complex physical and mental health conditions. A program participant’s struggle often is complicated by the fact that she cannot set a daily routine, she has no sense of place in a family or in a community, and she has little control over when and what she eats, where she can sleep, and other basic survival needs. Wellness activities improve well-being by providing positive care to minds and bodies in the Safe Haven, as well as facilitating access to emergency, primary and preventative healthcare through referrals, support, accompaniment and advocacy with women at community health centers, hospitals and other services. These and other strengths-based group and individual activities are critical components of OTR’s success.

Keep the Keys:

OTR has helped many homeless women move into housing of their own. When housed, women continue to struggle with addiction, mental health, parenting, financial, employment, legal, and other challenges and they face the new responsibilities of independent living.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 2 *(Continued)*

Participants in the Keep the Keys Program maintain their connections with OTR staff and receive a range of services designed to support housing retention and to help women build the neighborhood connections and independent living skills they need to sustain and continue improving their quality of life. Services include home visits, goal-setting, training in life skills, weekly meetings and gatherings at OTR and limited access to the Safe Haven.

The Community Outreach and Education Program:

Integral to OTR's mission is its responsibility to raise awareness and facilitate public discourse about the most vexing social issues that affect the women who participate in OTR's programs. Through the Community Outreach and Education Program, OTR informs the broader community about the interplay of homelessness, trauma, mental illness, addiction, and domestic violence, and helps individuals and groups participate in creating a safe, supportive space for women as they reintegrate back into the community.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

Fair Value of Financial Instruments:

The Organization reports its fair value measures by using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are defined as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

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.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 3 (Continued)

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The primary use of fair value measures in the Organization's financial statements is the recurring measurement of its money market funds, certificates of deposit and equity securities. There have been no changes to this valuation methodology.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as listed below:

Unrestricted Net Assets - consists of assets, public support and program revenues which are available and used for operations, programs, and capital expenditures. Unrestricted net assets represents the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization includes funds which represent unrestricted resources designated by the Board of Directors for specific purposes.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the Organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets. For the years presented, the Organization did not have any assets of this nature.

Grants Receivable:

As of December 31, 2014 and 2013, *Grants Receivable* represent amounts due from one foundation and two foundations, respectively, under multi-year grant commitments. Amounts are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. As of December 31, 2013, all non-current grants receivable were due in 2015. Grants 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 from grants. If amounts owed become uncollectible, they will be charged to activities when that determination is made. There were no uncollected grants for the years presented.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 3 *(Continued)*

Contracts Receivable:

As of December 31, 2014 and 2013, *Contracts Receivable* consist of amounts due from the Commonwealth of Massachusetts in connection with purchase-of-service contracts and are considered fully collectible. These financial statements do not contain a provision for uncollectible *Contracts Receivable*; therefore, if accounts become uncollectible, as determined by Management, they will be charged to expense when that determination is made. There were no bad debts for the years presented.

Property and Equipment:

Property, equipment, furnishing and improvement purchases in excess of \$1,000 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged against income over the estimated useful lives of the assets, as expressed in terms of years.

Investments:

The Organization maintains an investment portfolio which includes money market funds, equity securities, corporate bonds, cash and certificates of deposit. As required by the *FASB Accounting Standards Codification*TM, investments are reported at their fair value and all money market funds, corporate bonds and equity securities held by OTR are classified within Level 1 of the fair value hierarchy. Certificates of deposits are valued at cost plus accrued interest and are classified within Level 2. The Organization reports the investments' net realized and unrealized gains and losses at each reporting date in the Statement of Activities. Investments are reported in the Statements of Financial Position as long-term assets based on OTR's intent with respect to the use of investments. Investment return is classified as operating and non-operating based on the classification of the funds which produce the income.

Contributions, Gifts and Grants:

As required by the *FASB Accounting Standards Codification*TM, contributions are required be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 3 *(Continued)*

In-Kind Goods and Services:

As required by the *FASB Accounting Standards Codification*TM, the Organization maintains a policy whereby the value of the donated goods and services which create or enhance nonfinancial assets; require a specialized skill; and/or which would have otherwise been purchased by the Organization are recognized as revenue and expense on the Statement of Activities and are listed as expenses on the Statement of Functional Expenses.

Contract Revenue Recognition:

OTR is the recipient of government funded service contracts which are subject to an annual renewal process. Future funding is not automatically guaranteed. These contracts are administered on either a cost reimbursement basis or on a unit-of-service basis; accordingly, the funding sources are billed as eligible costs are incurred or units of service are provided, and program service revenues along with the related receivables are recorded in the period during which the costs were incurred and services were delivered.

Functional Expenses:

On The Rise, Inc. allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated according to the Organization's cost allocation plan as well as other payroll and level-of-effort based formulas. Supporting services are those related to operating and managing On The Rise, Inc. and its programs on a day-to-day basis.

Supporting services have been sub-classified as follows:

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

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for On The Rise, Inc.'s programs. Fund raising expenses presented in this accompanying Statement of Functional Expenses include the indirect costs of special fund raising events, while direct event costs are netted against the event proceeds. For the years ended December 31, 2014 and 2013, total fund raising expenses, including both direct and indirect event costs, were \$239,401 and \$203,210, respectively.

Tax Position:

The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Organization are the existence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. For the years presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation. All tax periods prior to 2011 are no longer subject to examination by tax authorities.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 3 (Continued)

Reclassifications:

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

NOTE 4 PROPERTY AND EQUIPMENT

A following is a summary of the Organization's property and equipment as of December 31, 2014 and 2013:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2014</u>
Land	-	\$ 298,326	\$ -	\$298,326
Building	40	696,094	257,482	438,612
Building Improvements	10 - 40	277,306	104,261	173,045
Office and Program Equipment	3 - 7	<u>67,355</u>	<u>62,119</u>	<u>5,236</u>
Total		<u>\$1,339,081</u>	<u>\$423,862</u>	<u>\$915,219</u>

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2013</u>
Land	-	\$ 298,326	\$ -	\$298,326
Building	40	696,094	240,080	456,014
Building Improvements	10 - 40	274,032	97,774	176,258
Office and Program Equipment	3 - 7	<u>66,267</u>	<u>52,510</u>	<u>13,757</u>
Total		<u>\$1,334,719</u>	<u>\$390,364</u>	<u>\$944,355</u>

NOTE 5 INVESTMENTS

As of December 31, 2014 and 2013, OTR's investment portfolio consists of the following:

<u>Investment Type</u>	<u>December 31, 2014</u>					<u>Total Fair Value</u>
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value Level 1</u>	<u>Fair Value Level 2</u>	
Cash	\$ 31,652	\$ -	\$ -	\$ 31,652	\$ -	\$ 31,652
Money Market Funds	122,296	-	-	122,296	-	122,296
Equity Securities	288,265	109,839	-	398,104	-	398,104
Corporate Bonds	186,104	-	(436)	185,668	-	185,668
Certificates of Deposit	<u>86,000</u>	<u>118</u>	<u>-</u>	<u>-</u>	<u>86,118</u>	<u>86,118</u>
Totals	<u>\$714,317</u>	<u>\$109,957</u>	<u>\$(436)</u>	<u>\$737,720</u>	<u>\$86,118</u>	<u>\$823,838</u>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 5 (Continued)

<u>Investment Type</u>	<u>December 31, 2013</u>					
	<u>Cost</u>	<u>Unrealized Gains</u>	<u>Unrealized Losses</u>	<u>Fair Value Level 1</u>	<u>Fair Value Level 2</u>	<u>Total Fair Value</u>
Cash	\$ 25,517	\$ -	\$ -	\$ 25,517	\$ -	\$ 25,517
Money Market Funds	11,251	-	-	11,251	-	11,251
Equity Securities	297,487	144,551	-	442,038	-	442,038
Certificates of Deposit	<u>300,000</u>	<u>358</u>	<u>-</u>	<u>-</u>	<u>300,358</u>	<u>300,358</u>
Totals	<u>\$634,255</u>	<u>\$144,909</u>	<u>\$ -</u>	<u>\$478,806</u>	<u>\$300,358</u>	<u>\$779,164</u>

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

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

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

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

Certificates of Deposit: Determined by cost plus accrued interest.

Components of Investment Activity:

	<u>2014</u>	<u>2013</u>
Interest and Dividends, Net of Fees	\$ 3,661	\$ 2,691
Net Unrealized (Losses) Gains on Investments	(35,388)	85,080
Net Realized Gains on Investments	<u>70,266</u>	<u>35,919</u>
Total	<u>\$ 38,539</u>	<u>\$123,690</u>

NOTE 6 TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS

Temporarily Restricted Net Assets:

As of December 31, 2014 and 2013, temporarily restricted net assets consisted of the following balances:

<u>Nature of Restriction</u>	<u>2014</u>	<u>2013</u>
Capital Campaign - Maintenance	\$336,996	\$348,894
Safe Haven Program	19,500	11,500
Time Restricted	<u>90,000</u>	<u>120,000</u>
Total	<u>\$446,496</u>	<u>\$480,394</u>

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 6 (Continued)

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

<u>Nature of Restriction</u>	<u>2014</u>	<u>2013</u>
Program Restrictions:		
Safe Haven	\$ 7,000	\$14,250
Street Outreach Collaboration	-	750
Keep the Keys	5,000	-
Time Restrictions	70,000	20,000
Other Restrictions:		
Capacity-Building Technology	-	3,864
Property Maintenance	<u>35,079</u>	<u>28,103</u>
Total Net Assets Released	<u>\$117,079</u>	<u>\$66,967</u>

Temporarily restricted investment income relates to Capital Campaign - Maintenance net assets, which are included in temporarily restricted net assets.

Board Designated Net Assets:

For the years presented, Board Designated Net Assets reflects unrestricted funds designated by the Board of Directors for the following purposes:

<u>Nature of Designation</u>	<u>2014</u>	<u>2013</u>
Property Maintenance Fund	<u>\$467,342</u>	<u>\$418,770</u>

NOTE 7 GOVERNMENT FUNDED CONTRACTS

Commonwealth of Massachusetts – Department of Children and Families (“DCF”):

OTR has a DCF contract under the Domestic Violence, Community-Based Services program which is funded on a unit rate basis, with a maximum obligation of 2,728 hours and \$178,356 for the contract years ended June 30, 2015 and 2014. The contract provides partial funding for direct care staff to provide non-residential support services as part of the Safe Haven program, including case management, referrals, counseling and advocacy. The DCF funds provide support for program participants who have been victims of domestic violence.

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

OTR is a party to a cost-reimbursement contract through MOVA with a maximum obligation of \$85,276 for each of the contract years ended June 30, 2015 and 2014. The contract is billed quarterly and funds 1.725 FTE positions for FY 2015 and FY 2014, as approved in advance by MOVA.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 8 SPECIAL FUND RAISING EVENT

Special event revenue is reflected on the Statement of Activities net of the direct costs of the event, while the indirect event costs are reported as fund raising expenses on the Statement of Functional Expenses. A summary of the annual fund raising dinner “*Prepare for Winter*” event is presented below:

	<u>2014</u>	<u>2013</u>
Contributions Received	\$144,811	\$135,159
Special Event Ticket Revenue	64,400	59,325
Donated Goods and Services	<u>35,484</u>	<u>16,198</u>
Gross Event Proceeds	244,695	210,682
Less: Direct Event Costs	<u>(83,436)</u>	<u>(58,669)</u>
Net Special Event Revenue	<u>\$161,259</u>	<u>\$152,013</u>

NOTE 9 DONATED GOODS AND SERVICES

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

<u>Description</u>	<u>2014</u>	<u>2013</u>
Client Assistance	\$51,670	\$40,854
Legal Fees	3,480	15,319
Printing and Postage	5,400	5,000
Repairs and Maintenance	5,240	1,830
Fund Raising Volunteers	9,950	7,170
Other Fund Raising Costs	9,835	4,487
Other	<u>850</u>	<u>5,349</u>
Total	<u>\$86,425</u>	<u>\$80,009</u>

In additional to these amounts, as disclosed in Note 8, \$35,484 and \$16,198 of donated goods and services were received for the annual fund raising dinner for the years ended December 31, 2014 and 2013, respectively.

OTR accepts contributions of personal items and clothing which would not otherwise be purchased and, therefore, are not reflected in the accompanying financial statements. The estimated fair value of these donations is \$35,885 and \$20,159 for the years ended December 31, 2014 and 2013, respectively.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 10 OPERATING LEASES

During 2014, OTR entered into a 36-month operating lease for a copier with monthly payments of \$374 that expires in 2017. The previous 60-month lease which called for monthly payments of \$400 expired in 2014. The lease expense, which includes additional charges for extra copies under both leases, was approximately \$5,872 and \$6,764 for the years ended December 31, 2014 and 2013, respectively. The cost is included in *Technology Services and Supplies* in the accompanying Statements of Functional Expenses.

The remaining lease payments for the above commitment are summarized below:

<u>Year Ending</u>	<u>Amount</u>
December 31, 2015	\$ 4,488
December 31, 2016	4,488
December 31, 2017	<u>2,618</u>
Total	<u>\$11,594</u>

NOTE 11 RETIREMENT PLAN

On The Rise, Inc. maintains a 403(b) retirement savings plan covering all eligible employees. The plan allows eligible employees of the Organization to defer a percentage of their earnings from current taxation by investing in mutual funds. As the plan consists only of employee deferrals, these financial statements do not report a retirement plan expense.

NOTE 12 CONCENTRATIONS

Cash and Investments:

The Organization is subject to concentrations in credit risk relating primarily to cash and investments. For each of the years presented, the Organization's cash deposits and investments are each held in one financial institution. Cash deposits are insured by the Federal Deposit Insurance Corporation under the applicable limits. The Organization had \$382,706 and \$241,942 in excess of federally insured and other limits as of December 31, 2014 and 2013, respectively. The Organization invests in professionally managed money market, certificates of deposits, corporate bonds and stocks. 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 Organization's investment performance is reviewed by the Board of Directors on a periodic basis.

Grants Receivable:

As of December 31, 2014, the total *Grants Receivable* balance consisted of amounts due from two organizations.

As of December 31, 2013, amounts due from one organization accounted for 83% of *Grants Receivable*.

ON THE RISE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 13 SURPLUS REVENUE RETENTION

The Commonwealth of Massachusetts Operational Services Division (“OSD”) regulates some aspects of programs that receive state funding, including components of On The Rise’s Safe Haven and Keep the Keys programs. Under OSD guidance, (808 CMR 1.19(3), *Not-for-Profit Surplus Revenue Retention*), On The Rise may not retain a surplus in excess of five percent of state funding in any given year, and cumulative retained surplus must be less than 20% of On The Rise’s state funding from the previous year. A deficit in state funding for these programs indicates that On The Rise supplements state revenue by funding a portion of program costs with funding from other sources, such as private individuals and foundations.

The Organization, following the guidelines established by the Commonwealth, has determined that there are deficits in its state funded programs, and accordingly, there is no liability under the surplus revenue retention policy as of December 31, 2014. Management concludes that OTR is in compliance with OSD requirements.

NOTE 14 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through May 12, 2015, the date which the financial statements were available for issue, and noted no events which met the criteria.