



WINGS FOR SUCCESS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2016

(See Independent Accountant's Review Report)

WINGS FOR SUCCESS, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

April 14, 2017

To the Board of Directors
Wings for Success, Inc.
Fraser, Pennsylvania

We have reviewed the accompanying financial statements of Wings for Success, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

WINGS FOR SUCCESS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 136,997
Accounts receivable	23,016
Prepaid expenses	6,090
Security deposit	5,455
TOTAL ASSETS	<u>\$ 171,558</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	<u>\$ 6,399</u>
Total Liabilities	<u>6,399</u>

NET ASSETS:

Unrestricted	143,544
Temporarily restricted	21,615
Total Net Assets	<u>165,159</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 171,558</u>
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See accompanying notes and independent accountant's review report.

WINGS FOR SUCCESS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
PUBLIC SUPPORT AND REVENUE			
PUBLIC SUPPORT:			
Grants	\$ 499	\$ 62,503	\$ 63,002
Contributions	43,504	-	43,504
REVENUE:			
Contract revenue	34,153	-	34,153
Consignment income and clothing sales	13,876	-	13,876
Special events, net of direct expenses of \$15,506	44,687	-	44,687
In-kind contributions	40,974	-	40,974
Other income	283	-	283
Total	<u>177,976</u>	<u>62,503</u>	<u>240,479</u>
Net assets released from restriction:			
Satisfaction of program restrictions	61,259	(61,259)	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>239,235</u>	<u>1,244</u>	<u>240,479</u>
EXPENSES:			
Program services	235,553	-	235,553
Management and general	37,109	-	37,109
Development	35,250	-	35,250
TOTAL EXPENSES	<u>307,912</u>	<u>-</u>	<u>307,912</u>
CHANGE IN NET ASSETS	(68,677)	1,244	(67,433)
NET ASSETS, BEGINNING OF YEAR	<u>212,221</u>	<u>20,371</u>	<u>232,592</u>
NET ASSETS, END OF YEAR	<u>\$ 143,544</u>	<u>\$ 21,615</u>	<u>\$ 165,159</u>

See accompanying notes and independent accountant's review report.

WINGS FOR SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Development</u>	<u>Totals</u>
Personnel costs	\$ 73,724	\$ 21,743	\$ 24,982	\$ 120,449
Clothing and related costs	20,003	-	-	20,003
Contributed clothing	40,974	-	-	40,974
Insurance	3,547	839	961	5,347
Miscellaneous	1,328	2,061	2,886	6,275
Occupancy and utilities	70,570	5,429	-	75,999
Professional services	22,089	4,973	5,835	32,897
Promotional expenses	912	1,019	484	2,415
Supplies and equipment	1,104	1,045	102	2,251
Volunteer management	1,087	-	-	1,087
Workshop supplies and materials	215	-	-	215
	<u>215</u>	<u>-</u>	<u>-</u>	<u>215</u>
TOTAL EXPENSES	<u><u>\$ 235,553</u></u>	<u><u>\$ 37,109</u></u>	<u><u>\$ 35,250</u></u>	<u><u>\$ 307,912</u></u>

See accompanying notes and independent accountant's review report.

WINGS FOR SUCCESS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (67,433)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Decrease in accounts receivable	37,784
Increase in prepaid expenses	(1,562)
Increase in accounts payable and accrued expenses	602
Decrease in accrued payroll expenses	<u>(1,302)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(31,911)</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS	 (31,911)
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>168,908</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u><u>\$ 136,997</u></u>
 SUPPLEMENTAL DISCLOSURES:	
Interest paid	<u>\$ -</u>
Taxes paid	<u><u>\$ -</u></u>

See accompanying notes and independent accountant's review report.

WINGS FOR SUCCESS, INC.

NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant's Review Report)

NOTE A THE ORGANIZATION

Wings for Success, Inc. ("the Organization") is a not-for-profit organization operated primarily by volunteers working with clients referred to the Organization from job training and social service programs. The Organization provides job-appropriate clothing for interviews and new hires. Additionally, the Organization sponsors seminars and workshops on work-related topics. The Organization is recognized as fulfilling Tier One: Essentials: Adherence to basic legal, regulatory, and governance practice through the Pennsylvania Association of Nonprofit Organizations' Standards for Excellence program.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation

In accordance with the section of the Financial Accounting Standards Board's Accounting Standards Codification ("FASB ASC"), the Organization is required to report 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. The net assets and revenues, expenses, gains, and losses are classified based on the existence or the absence of donor-imposed restrictions. Accordingly, the net assets and the changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. The unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be fulfilled by the Organization's actions and/or the passage of time, to meet stipulations, or become unrestricted at the date specified by the donor. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors permit the Organization to use all or part of the investment return on these net assets for general or specific purposes. The Organization has no permanently restricted net assets as of December 31, 2016.

WINGS FOR SUCCESS, INC.

NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant's Review Report)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Recognition of Donor Restrictions

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Anticipated bad debts are considered to be negligible by management and, accordingly, no provision for bad debts has been reflected.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income.

Generally accepted accounting principles prescribe rules for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

WINGS FOR SUCCESS, INC.

NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant's Review Report)

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Use of Estimates in the Preparation of Financial Statements

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.

NOTE C CONTRIBUTED SERVICES AND MATERIALS

The Organization receives contributed volunteer services. Contributed services are not recognized as revenues unless the services received create or enhance the value of a nonfinancial asset; or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by volunteers. No such amounts were received in 2016.

The Organization also receives contributed materials, primarily in the form of clothing and related accessories. Contributed materials are recorded as contributions at their fair market value at the date of receipt. Contributed materials for the year ended December 31, 2016 totaled \$40,974.

NOTE D OPERATING LEASES

The Organization has various leases for facilities in Pennsylvania. The leasing arrangements expire in various periods through October 2017 and have varying renewal options. Rental payments during 2016 totaled \$51,202.

Future minimum payments are as follows:

December 31,

2017	<u>\$ 37,955</u>
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NOTE E TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2016, \$21,615 in net assets were temporarily restricted. These funds were restricted to be used for the purchase of clothing for the Organization's programs and the operation of program-related workshops.

WINGS FOR SUCCESS, INC.

NOTES TO FINANCIAL STATEMENTS
(See Independent Accountant's Review Report)

NOTE F CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2016, all balances were insured.

NOTE G SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through April 14, 2017, the date the financial statements were available to be issued.