WINGS FOR SUCCESS, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

DECEMBER 31, 2015
## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITOR’S REPORT</td>
<td>1 - 2</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>3</td>
</tr>
<tr>
<td>Statement of Activities</td>
<td>4</td>
</tr>
<tr>
<td>Statement of Functional Expenses</td>
<td>5</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>6</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>7 - 10</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

May 12, 2016

To the Board of Directors
Wings for Success, Inc.
Wilmington, Delaware

We have audited the accompanying financial statements of Wings for Success, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.
To the Board of Directors
Wings for Success, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wings for Success, Inc. as of December 31, 2015, 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.

Emphasis of Matter

As discussed in Note B, beginning net assets have been restated as a result of the Organization adopting generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP
## WINGS FOR SUCCESS, INC.
### STATEMENT OF FINANCIAL POSITION
#### DECEMBER 31, 2015

### ASSETS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$168,908</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>60,800</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>4,528</td>
</tr>
<tr>
<td>Security deposit</td>
<td>5,455</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$239,691</strong></td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

**LIABILITIES:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$5,797</td>
</tr>
<tr>
<td>Accrued payroll expenses</td>
<td>1,302</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>7,099</strong></td>
</tr>
</tbody>
</table>

**NET ASSETS:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>212,221</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>20,371</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>232,592</strong></td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$239,691</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
PUBLIC SUPPORT AND REVENUE

PUBLIC SUPPORT:

Grants $ 37,668 $ 58,460 $ 96,128
Contributions 87,949 - 87,949

REVENUE:

Contract revenue 36,154 - 36,154
Consignment income and clothing sales 16,254 - 16,254
Special events, net of direct expenses of $12,219 50,481 - 50,481
In-kind contributions 30,773 - 30,773
Other income 283 - 283

Total 259,562 58,460 318,022

Net assets released from restriction:

Satisfaction of program restrictions 42,920 (42,920) -

TOTAL PUBLIC SUPPORT AND REVENUE 302,482 15,540 318,022

EXPENSES:

Program services 226,754 - 226,754
Management and general 37,411 - 37,411
Development 35,495 - 35,495

TOTAL EXPENSES 299,660 - 299,660

CHANGE IN NET ASSETS 2,822 15,540 18,362

NET ASSETS, BEGINNING OF YEAR (RESTATED) 209,399 4,831 214,230

NET ASSETS, END OF YEAR $ 212,221 $ 20,371 $ 232,592

The accompanying notes are an integral part of these financial statements.
WINGS FOR SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and Services</th>
<th>Development</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td>$ 72,552</td>
<td>$ 21,397</td>
<td>$ 24,585</td>
<td>$ 118,534</td>
</tr>
<tr>
<td>Clothing and related costs</td>
<td>19,312</td>
<td>-</td>
<td>-</td>
<td>19,312</td>
</tr>
<tr>
<td>Contributed clothing</td>
<td>30,773</td>
<td>-</td>
<td>-</td>
<td>30,773</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,426</td>
<td>810</td>
<td>928</td>
<td>5,164</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,562</td>
<td>2,423</td>
<td>3,394</td>
<td>7,379</td>
</tr>
<tr>
<td>Occupancy and utilities</td>
<td>72,649</td>
<td>5,589</td>
<td>-</td>
<td>78,238</td>
</tr>
<tr>
<td>Professional services</td>
<td>22,457</td>
<td>5,056</td>
<td>5,932</td>
<td>33,445</td>
</tr>
<tr>
<td>Promotional expenses</td>
<td>1,063</td>
<td>1,187</td>
<td>564</td>
<td>2,814</td>
</tr>
<tr>
<td>Supplies and equipment</td>
<td>1,002</td>
<td>949</td>
<td>92</td>
<td>2,043</td>
</tr>
<tr>
<td>Volunteer management</td>
<td>886</td>
<td>-</td>
<td>-</td>
<td>886</td>
</tr>
<tr>
<td>Workshop supplies and materials</td>
<td>1,072</td>
<td>-</td>
<td>-</td>
<td>1,072</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$ 226,754</strong></td>
<td><strong>$ 37,411</strong></td>
<td><strong>$ 35,495</strong></td>
<td><strong>$ 299,660</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
CASH FLOWS FROM OPERATING ACTIVITIES:
Change in net assets $ 18,362

Adjustments to reconcile change in net assets to
net cash provided by operating activities:
  Increase in accounts receivable (32,524)
  Increase in prepaid expenses and security deposits (2,714)
  Increase in accounts payable and other accrued expenses 636
  Decrease in accrued payroll expenses (4,950)

NET CASH USED BY OPERATING ACTIVITIES (21,190)

NET DECREASE IN CASH AND CASH EQUIVALENTS (21,190)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 190,098

CASH AND CASH EQUIVALENTS, END OF YEAR $ 168,908

SUPPLEMENTAL DISCLOSURES:
Interest paid $ -
Taxes paid $ -

The accompanying notes are an integral part of these financial statements.
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. They provide job-appropriate clothing for interviews and new hires. Also, they sponsor 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, 2015.
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. Income tax returns of the Organization for 2012, 2013, and 2014 are subject to examination by tax authorities, generally for three years after they were filed.

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.
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.

Restatement of Beginning Net Assets

The Organization adopted generally accepted accounting principles effective for 2015, resulting in the conversion of financial statements from the cash basis to the accrual basis. To properly reflect the current year’s results from operations, beginning net assets were adjusted to reflect what their balances would have been had the Organization utilized this method of accounting in prior years. This change in accounting principle was adopted by the Organization to improve the consistency and usefulness of its financial reports. This change resulted in a $25,390 increase to beginning net assets as a result of recording accrued revenues and expenses as of the beginning of the year.

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 2015.

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, 2015 totaled $30,773.

NOTE D  OPERATING LEASES

The Organization has various leases for facilities in Pennsylvania. The leasing arrangements expire in various periods through September 2017 and have varying renewal options. Rental payments during 2015 totaled $46,718.
NOTE D  OPERATING LEASES (cont'd)

Future minimum payments are as follows:

December 31,

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$40,190</td>
</tr>
<tr>
<td>2017</td>
<td>$20,925</td>
</tr>
<tr>
<td></td>
<td><strong>$61,115</strong></td>
</tr>
</tbody>
</table>

NOTE E  TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2015, $20,371 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.

NOTE F  CONCENTRATIONS

The Organization received 15 percent of its total support and revenue for the year ended December 31, 2015 from a corporate donation from QVC, Inc. Additionally, 77 percent of the Organization’s accounts receivable are from QVC, Inc.

The Organization received 11 percent of its total support and revenue for the year ended December 31, 2015 from the State of Pennsylvania Department of Human Services as part of the PA Workwear Grant program.

NOTE G  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, 2015, all balances were insured.

NOTE H  SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through May 12, 2016, the date the financial statements were available to be issued.