



WINGS FOR SUCCESS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2018

(See Independent Accountant's Review Report)

WINGS FOR SUCCESS, INC.

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INDEPENDENT ACCOUNTANT'S
REVIEW REPORT

February 14, 2019

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

We have reviewed the accompanying financial statements of Wings for Success, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, 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 company 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.

To the Board of Directors
Wings for Success, Inc.

Emphasis of Matter

As discussed in Note B to the financial statements, in 2018, Wings for Success, Inc. adopted the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-14. Our conclusion 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, 2018

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 274,940
Accounts receivable	6,587
Prepaid expenses	6,508
Security deposit	5,455
TOTAL ASSETS	<u>\$ 293,490</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 22,878
Accrued payroll expenses	102
Total Liabilities	<u>22,980</u>

NET ASSETS:

Without donor restriction	<u>270,510</u>
Total Net Assets	<u>270,510</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 293,490</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, 2018**

PUBLIC SUPPORT AND REVENUE WITHOUT DONOR RESTRICTION	
PUBLIC SUPPORT:	
Grants	\$ 126,021
Contributions	34,230
REVENUE:	
Contract revenue	38,328
Consignment income and clothing sales	8,209
Special events, net of direct expenses of \$29,389	92,070
In-kind contributions	76,877
Other income	1,110
TOTAL PUBLIC SUPPORT AND REVENUE WITHOUT DONOR RESTRICTION	<u>376,845</u>
EXPENSES:	
Program services	286,321
Management and general	10,448
Development	17,536
TOTAL EXPENSES	<u>314,305</u>
CHANGE IN NET ASSETS	62,540
NET ASSETS, BEGINNING OF YEAR	<u>207,970</u>
NET ASSETS, END OF YEAR	<u>\$ 270,510</u>

See accompanying notes and independent accountant's review report.

WINGS FOR SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Development</u>	<u>Totals</u>
Personnel costs	\$ 100,488	\$ -	\$ -	\$ 100,488
Clothing and related costs	11,362	-	-	11,362
Contributed clothing	76,877	-	-	76,877
Insurance	6,751	-	-	6,751
Miscellaneous	998	2,138	5,614	8,750
Occupancy and utilities	76,639	5,952	-	82,591
Professional services	9,120	-	7,762	16,882
Promotional expenses	1,943	402	3,336	5,681
Supplies and equipment	1,788	847	824	3,459
Volunteer management	307	1,109	-	1,416
Workshop supplies and materials	48	-	-	48
TOTAL EXPENSES	<u><u>\$ 286,321</u></u>	<u><u>\$ 10,448</u></u>	<u><u>\$ 17,536</u></u>	<u><u>\$ 314,305</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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 62,540
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Decrease in accounts receivable	13,547
Decrease in prepaid expenses	4,438
Decrease in security deposit	500
Increase in accounts payable and accrued expenses	4,100
Increase in accrued payroll expenses	102
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>85,227</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,227
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>189,713</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 274,940</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") regarding financial statements of not-for-profit organizations, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. 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:

- *Net Assets Without Donor Restriction* – Net assets that are not subject to donor-imposed restrictions or law.
- *Net Assets With Donor Restriction* – Net assets subject to restrictions imposed by donor or law. These restrictions may be removed either by actions of the Organization or the passage of time, or may exist in perpetuity. The Organization has no net assets with donor restrictions as of December 31, 2018.

Recognition of Donor Restrictions

Donor-restricted support is reported as an increase in net assets with donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

WINGS FOR SUCCESS, INC.

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

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

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. For expenses not readily traceable to a specific function, an allocation across functions was based on historical averages across functions.

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.

WINGS FOR SUCCESS, INC.

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

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

Implementation of FASB ASU 2016-14

During the year ended December 31, 2018, the Organization implemented Financial Accounting Standards Board Accounting Standards Update ("FASB ASU") 2016-14. FASB ASU 2016-14 provides new and expanded guidance for financial reporting for not-for-profit entities. The implementation of FASB ASU 2016-14 has resulted in changes to the Organization's financial reporting. Net assets are now categorized in two categories; net assets with donor restriction and net assets without donor restriction. Additionally, the Organization has added additional disclosures related to its financial liquidity and the availability of financial assets for general expenditures within one year from the balance sheet date.

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 the year ended December 31, 2018.

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, 2018 totaled \$76,877.

NOTE D OPERATING LEASES

The Organization has a lease for facilities in Pennsylvania. The leasing arrangement expires in September 2022 with an option to renew for an additional five-year term. Rental payments during 2018 totaled \$62,824.

Future minimum payments are as follows:

For the Year Ended December 31,

2019	\$ 27,900
2020	27,900
2021	27,900
2022	<u>20,925</u>
Total	<u>\$ 104,625</u>

WINGS FOR SUCCESS, INC.

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

NOTE E 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, 2018, all balances were insured.

NOTE F LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets consist of cash and cash equivalents, accounts receivable, prepaid expenses, and a security deposit.

The following reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets, at year-end	\$ 293,490
Less those unavailable for general expenditures within one year due to:	
Contractual restriction: security deposit	<u>5,455</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 288,035</u>

Accounts receivable are subject to implied time restrictions. The Organization has a goal to maintain financial assets on hand to meet, at a minimum, 90 days of normal operating expenses, which is approximately \$78,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE G SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through February 14, 2019, the date the financial statements were available to be issued.