WINGS FOR SUCCESS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2019

(See Independent Accountant's Review Report)
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INDEPENDENT ACCOUNTANT’S REVIEW REPORT

February 25, 2020

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, 2019, 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.
To the Board of Directors
Wings for Success, Inc.

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
# Statement of Financial Position

**WINGS FOR SUCCESS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

## Assets

**CURRENT ASSETS:**
- Cash and cash equivalents: $243,675
- Accounts receivable: 8,457
- Prepaid expenses: 6,378
- Security deposit: 8,191

**TOTAL ASSETS:** $266,701

## Liabilities and Net Assets

**CURRENT LIABILITIES:**
- Accounts payable and accrued expenses: $23,892

**NET ASSETS:**
- Without donor restriction: 242,809

**TOTAL LIABILITIES AND NET ASSETS:** $266,701

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See accompanying notes and independent accountant's review report.
## PUBLIC SUPPORT AND REVENUE WITHOUT DONOR RESTRICTION

**PUBLIC SUPPORT:**
- Grants: $102,468
- Contributions: $34,709

**REVENUE:**
- Contract revenue: $35,231
- Consignment income and clothing sales: $7,768
- Special events, net of direct expenses of $17,600: $79,004
- In-kind contributions: $84,246
- Other income: $4,259

**TOTAL PUBLIC SUPPORT AND REVENUE WITHOUT DONOR RESTRICTION:** $347,685

## EXPENSES:
- Program services: $307,332
- Management and general: $19,466
- Development: $48,588

**TOTAL EXPENSES:** $375,386

## CHANGE IN NET ASSETS

$(27,701)

## NET ASSETS, BEGINNING OF YEAR

$270,510

## NET ASSETS, END OF YEAR

$242,809

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*See accompanying notes and independent accountant's review report.*
<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Development</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td>$ 96,046</td>
<td>$ 9,016</td>
<td>$ 38,842</td>
<td>$ 143,904</td>
</tr>
<tr>
<td>Clothing and related costs</td>
<td>8,729</td>
<td>-</td>
<td>-</td>
<td>8,729</td>
</tr>
<tr>
<td>Contributed clothing</td>
<td>84,246</td>
<td>-</td>
<td>-</td>
<td>84,246</td>
</tr>
<tr>
<td>Insurance</td>
<td>2,165</td>
<td>1,177</td>
<td>1,065</td>
<td>4,407</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,257</td>
<td>1,929</td>
<td>3,069</td>
<td>6,255</td>
</tr>
<tr>
<td>Occupancy and utilities</td>
<td>103,655</td>
<td>3,670</td>
<td>-</td>
<td>107,325</td>
</tr>
<tr>
<td>Professional services</td>
<td>3,424</td>
<td>2,446</td>
<td>2,175</td>
<td>8,045</td>
</tr>
<tr>
<td>Promotional expenses</td>
<td>4,104</td>
<td>1,228</td>
<td>2,095</td>
<td>7,427</td>
</tr>
<tr>
<td>Supplies and equipment</td>
<td>3,529</td>
<td>-</td>
<td>1,342</td>
<td>4,871</td>
</tr>
<tr>
<td>Volunteer management</td>
<td>75</td>
<td>-</td>
<td>-</td>
<td>75</td>
</tr>
<tr>
<td>Workshop supplies and materials</td>
<td>102</td>
<td>-</td>
<td>-</td>
<td>102</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>$ 307,332</strong></td>
<td><strong>$ 19,466</strong></td>
<td><strong>$ 48,588</strong></td>
<td><strong>$ 375,386</strong></td>
</tr>
</tbody>
</table>

See accompanying notes and independent accountant's review report.
CASH FLOWS FROM OPERATING ACTIVITIES:
Change in net assets $ (27,701)
Adjustments to reconcile change in net assets to net cash used by operating activities:
   Increase in accounts receivable (1,870)
   Decrease in prepaid expenses 130
   Increase in security deposit (2,736)
   Increase in accounts payable and accrued expenses 1,014
   Decrease in accrued payroll expenses (102)
NET CASH USED BY OPERATING ACTIVITIES (31,265)

NET DECREASE IN CASH AND CASH EQUIVALENTS (31,265)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 274,940

CASH AND CASH EQUIVALENTS, END OF YEAR $ 243,675

SUPPLEMENTAL DISCLOSURES:
Interest paid $ -
Taxes paid $ -

See accompanying notes and 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 restriction as of December 31, 2019.

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.
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.

Accounting principles generally accepted in the United States of America 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. Personnel costs are allocated based on time and expense studies, occupancy is allocated based on square footage, and contributed clothing is fully used in program activities and is therefore fully allocated to program services. 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of
NOTE B  SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  (cont’d)

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 the year ended December 31, 2019.

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, 2019 totaled $84,246.

NOTE D  OPERATING LEASES

The Organization has leases for facilities in Pennsylvania. The leasing arrangement expires in September 2022 for the lease of their Frazer office with an option to renew for an additional five-year term. In 2019, the Organization entered into a new lease agreement for their office in Kennett Square. The lease expires in July 2026. Rental payments during 2019 totaled $70,856.

Future minimum payments are as follows:

<table>
<thead>
<tr>
<th>For the Year Ended December 31,</th>
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<tbody>
<tr>
<td>2020</td>
<td>$ 51,548</td>
</tr>
<tr>
<td>2021</td>
<td>51,844</td>
</tr>
<tr>
<td>2022</td>
<td>45,590</td>
</tr>
<tr>
<td>2023</td>
<td>25,404</td>
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<tr>
<td>2024</td>
<td>26,156</td>
</tr>
<tr>
<td>2025 - 2026</td>
<td>42,921</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 243,463</strong></td>
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</tbody>
</table>
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, 2019, all balances were insured.

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

The following reflects the Organization’s financial assets as of December 31, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position.

Financial assets, at year-end $ 260,323
Less those unavailable for general expenditures within one year due to:
  Contractual restriction: security deposit 8,191
Financial assets available to meet cash needs for general expenditures within one year $ 252,132

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 $93,000. 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 25, 2020, the date the financial statements were available to be issued.