



WINGS FOR SUCCESS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020

(See Independent Accountant's Review Report)

WINGS FOR SUCCESS, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

May 11, 2021

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, 2020, 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

WINGS FOR SUCCESS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 303,936
Accounts receivable	17,069
Prepaid expenses	9,336
Security deposit	8,191
TOTAL ASSETS	<u>\$ 338,532</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 68,325
Total Liabilities	<u>68,325</u>

NET ASSETS:

Without donor restriction	<u>270,207</u>
Total Net Assets	<u>270,207</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 338,532</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, 2020**

PUBLIC SUPPORT AND REVENUE WITHOUT DONOR RESTRICTION	
PUBLIC SUPPORT:	
Grants	\$ 131,084
Contributions	35,009
In-kind contributions	43,229
REVENUE:	
Contract revenue	38,130
Consignment income and clothing sales	9,090
Special events, net of direct expenses of \$4,482	78,547
Other income	1,191
TOTAL PUBLIC SUPPORT AND REVENUE WITHOUT DONOR RESTRICTION	<u>336,280</u>
EXPENSES:	
Program services	240,045
Management and general	20,661
Development	48,176
TOTAL EXPENSES	<u>308,882</u>
CHANGE IN NET ASSETS	27,398
NET ASSETS, BEGINNING OF YEAR	<u>242,809</u>
NET ASSETS, END OF YEAR	<u>\$ 270,207</u>

See accompanying notes and independent accountant's review report.

WINGS FOR SUCCESS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Development</u>	<u>Totals</u>
Personnel costs	\$ 93,366	\$ 9,199	\$ 39,855	\$ 142,420
Clothing and related costs	6,839	-	-	6,839
Contributed clothing	43,229	-	-	43,229
Insurance	3,269	321	1,398	4,988
Miscellaneous	774	2,562	3,570	6,906
Occupancy and utilities	83,482	3,650	-	87,132
Professional services	5,605	553	2,401	8,559
Promotional expenses	848	4,210	690	5,748
Supplies and equipment	1,921	166	174	2,261
Volunteer management	49	-	88	137
Workshop supplies and materials	663	-	-	663
TOTAL EXPENSES	<u><u>\$ 240,045</u></u>	<u><u>\$ 20,661</u></u>	<u><u>\$ 48,176</u></u>	<u><u>\$ 308,882</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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 27,398
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts receivable	(8,612)
Increase in prepaid expenses	(2,958)
Increase in accounts payable and accrued expenses	44,433
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>60,261</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 60,261
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>243,675</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 303,936</u>
 SUPPLEMENTAL DISCLOSURES:	
Interest paid	<u>\$ -</u>
Taxes paid	<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 restriction as of December 31, 2020

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.

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

WINGS FOR SUCCESS, INC.

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

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, 2020.

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, 2020 totaled \$43,229.

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 2020 totaled \$71,649 and are included in occupancy and utilities on the statement of functional expenses.

Future minimum payments are as follows:

For the Year Ended December 31,

2021	\$	51,844
2022		45,590
2023		25,404
2024		26,156
2025		26,937
2026		<u>15,985</u>
Total	\$	<u>191,916</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, 2020, 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, 2020, 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	\$ 329,196
Less those unavailable for general expenditures within one year due to:	
Contractual restriction: security deposit	<u>8,191</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 321,005</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 \$76,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE F UNCERTAINTY

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact the Organization's income in 2021. Other financial impact could occur though such potential impact is unknown at this time.

NOTE G SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through May 11, 2021, the date the financial statements were available to be issued.