

Wings for Success, Inc.

Financial Statements

December 31, 2021 and 2020

Wings for Success, Inc.
December 31, 2021 and 2020

Contents	Page
Independent Accountant's Review Report	1
<u>Financial Statements</u>	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 8

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Wings for Success, Inc.
Exton, PA

I have reviewed the accompanying financial statements of Wings for Success, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, 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, I 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

My 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 me to perform procedures to obtain limited assurance as a basis for reporting whether I am 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. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of Wings for Success, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Accountant's Conclusion

Based on my review, I am 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.

Report on 2020 Financial Statements

The financial statements of Wings for Success, Inc. as of December 31, 2020, were reviewed by other accountants whose report dated May 11, 2021, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Julian Sur, CPA
Berwyn, Pennsylvania

September 13, 2022

Wings for Success, Inc.
Statements of Financial Position
December 31, 2021 and 2020
(See Independent Accountant's Review Report)

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
Assets:		
Cash & cash equivalents	\$ 330,287	\$ 303,936
Accounts receivable	15,614	17,069
Prepaid expenses	5,268	9,336
Total current assets	<u>351,169</u>	<u>330,341</u>
Security deposit	8,191	8,191
Total assets	<u>\$ 359,360</u>	<u>\$ 338,532</u>
	<u>Liabilities and Net Assets</u>	
Liabilities:		
Accounts payable & accruals	\$ 16,698	\$ 40,325
Total current liabilities	<u>16,698</u>	<u>40,325</u>
PPP Loan	-	28,000
Total liabilities	<u>16,698</u>	<u>68,325</u>
Net assets:		
Without donor restrictions	342,662	270,207
With donor restrictions	-	-
Total net assets	<u>342,662</u>	<u>270,207</u>
Total liabilities and net assets	<u>\$ 359,360</u>	<u>\$ 338,532</u>

The accompanying notes are an integral part of these financial statements.

Wings for Success, Inc.
Statements of Activities
Years ended December 31, 2021 and 2020
(See Independent Accountant's Review Report)

	2021			2020		
	With Donor Restrictions	Without Donor Restrictions	Total	With Donor Restrictions	Without Donor Restrictions	Total
Public Support and Revenue						
Public support:						
Foundation grants	\$ -	\$ 65,190	\$ 65,190	\$ -	\$ 29,515	\$ 29,515
Government grants	-	60,877	60,877	-	41,000	41,000
Corporate grants	-	48,705	48,705	-	8,044	8,044
Individual support	-	38,125	38,125	-	87,534	87,534
In-kind contributions	-	250,819	250,819	-	43,229	43,229
Release from restrictions	-	-	-	-	-	-
Total public support	-	463,716	463,716	-	209,322	209,322
Program revenue:						
Contract revenue	-	38,643	38,643	-	38,130	38,130
Consignment income and clothing sales	-	14,756	14,756	-	9,090	9,090
Special events	-	118,620	118,620	-	83,039	83,039
Other income	-	791	791	-	1,191	1,191
Total program revenue	-	172,810	172,810	-	131,450	131,450
Total revenue	-	636,526	636,526	-	340,772	340,772
Expenses						
Program	-	466,263	466,263	-	240,045	240,045
General	-	29,479	29,479	-	20,661	20,661
Fundraising	-	68,329	68,329	-	52,668	52,668
Total expenses	-	564,071	564,071	-	313,374	313,374
Change in net assets	-	72,455	72,455	-	27,398	27,398
Beginning net assets	-	270,207	270,207	-	242,809	242,809
Ending net assets	\$ -	\$ 342,662	\$ 342,662	\$ -	\$ 270,207	\$ 270,207

The accompanying notes are an integral part of these financial statements.

Wings for Success, Inc.
Statements of Functional Expenses
Years ended December 31, 2021 and 2020
(See Independent Accountant's Review Report)

	2021				2020			
	Program	General	Fundraising	Total	Program	General	Fundraising	Total
Contributed clothing	\$ 250,819	\$ -	\$ -	\$ 250,819	\$ 43,229	\$ -	\$ -	\$ 43,229
Personnel costs	103,392	8,737	33,493	145,622	93,366	9,199	39,855	142,420
Occupancy and utilities	79,277	3,338	835	83,450	83,482	3,650	-	87,132
Special events	-	-	20,426	20,426	-	-	4,492	4,492
Professional services	10,444	1,266	4,114	15,824	5,605	553	2,401	8,559
Promotional expenses	2,283	11,337	1,858	15,478	848	4,210	690	5,748
Supplies and equipment	9,310	805	843	10,958	1,921	166	174	2,261
Insurance	4,096	402	1,752	6,250	3,269	321	1,398	4,988
Miscellaneous	391	1,294	1,804	3,489	333	1,103	1,537	2,973
Clothing and related costs	3,461	-	-	3,461	6,839	-	-	6,839
Dues	379	1,255	1,748	3,382	214	709	988	1,912
Bank fees	316	1,045	1,456	2,817	227	750	1,045	2,021
Workshop supplies and materials	1,351	-	-	1,351	663	-	-	663
Volunteer management	744	-	-	744	49	-	88	137
	<u>\$ 466,263</u>	<u>\$ 29,479</u>	<u>\$ 68,329</u>	<u>\$ 564,071</u>	<u>\$ 240,045</u>	<u>\$ 20,661</u>	<u>\$ 52,668</u>	<u>\$ 313,374</u>

The accompanying notes are an integral part of these financial statements.

Wings for Success, Inc.
Statements of Cash Flows
Years ended December 31, 2021 and 2020
(See Independent Accountant's Review Report)

	<u>2021</u>	<u>2020</u>
Operating activities:		
Change in net assets	\$ 72,455	\$ 27,398
Adjustments to reconcile change in net assets to net cash (used in) operating activities:		
PPP loan forgiveness	(57,577)	-
Changes in assets and liabilities:		
Accounts receivable	1,455	(8,612)
Prepaid expenses	4,068	(2,958)
Accounts payable & accruals	(23,627)	16,433
Net cash used in operating activities	<u>(3,226)</u>	<u>32,261</u>
Investing activities:		
Net cash provided by investing activities	<u>-</u>	<u>-</u>
Financing activities:		
PPP Loan proceeds	<u>29,577</u>	<u>28,000</u>
Net cash provided by financing activities	<u>29,577</u>	<u>28,000</u>
Net change in cash	<u>26,351</u>	<u>60,261</u>
Cash, beginning of year	303,936	243,675
Cash, end of year	<u>\$ 330,287</u>	<u>\$ 303,936</u>

The accompanying notes are an integral part of these financial statements.

Wings for Success, Inc.
Notes to Financial Statements
Years ended December 31, 2021 and 2020
(See Independent Accountant's Review Report)

1. Description of activities and summary of significant accounting policies:

Nature of activities:

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.

Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial statement presentation:

The Organization reports information regarding its financial position and activities according to two classes of net assets:

Without donor restrictions: Net assets that are not subject to donor-imposed restrictions.

With donor restrictions: Included in this category are net assets with donor-imposed stipulations that may or will be met by actions of the Organization or the passage of time. The Organization has no net assets with donor restrictions as of December 31, 2021 and 2020.

Promises to give:

Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the absence or existence and/or nature of any donor restrictions. Unconditional promises to give are recognized as revenues in the period the pledge is made. Donor restricted contributions are recorded as unrestricted support when the restrictions are met in the same reporting period. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), the net assets are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions.

Tax status:

The Organization is organized as a not-for-profit corporation in the Commonwealth of Pennsylvania and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is registered with the Pennsylvania Bureau of Charitable Organizations.

As of December 31, 2021 and 2020, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements. The Organization is no longer subject to tax exams by taxing authorities for years before December 31, 2018.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the current year financial statements.

Functional allocation of expenses:

The functional costs are allocated by specific identification and indirect expenses are allocated based upon salary expenditures and functional square foot of the Organization's facilities.

Wings for Success, Inc.
Notes to Financial Statements
Years ended December 31, 2021 and 2020
(See Independent Accountant's Review Report)

Cash and cash equivalents:

Cash and cash equivalents consist of cash, checking and savings accounts, and certificates of deposit.

Accounts Receivable:

Accounts receivable are stated at the amounts billed, net of an allowance. Management writes off uncollectible amounts as incurred against a bad debt allowance. Management considers that no bad debt allowance is required for the years ended December 31, 2021 and 2020. Bad debt expense was \$0 for the years ended December 31, 2021 and 2020.

2. Liquidity and availability of resources:

As of December 31, 2021 and 2020, financial assets available for general expenditure, that is, without donor or other restrictions limiting their use past one year of the statement of financial position date, comprise the following:

	2021	2020
Cash	\$ 330,287	\$ 303,936
Accounts receivable	15,614	17,069
Total financial assets	345,901	321,005
Less: Financial assets not available for general operations within one year	-	-
Total financial assets available for general expenditure	\$ 345,901	\$ 321,005

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.

3. PPP Loans:

On April 30, 2020, the Organization was granted a \$28,000 loan pursuant to the Paycheck Protection Program ("PPP") of the CARES Act. The PPP provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period. The loan matures on April 30, 2025. The unforgiven portion of the PPP loan is payable over 50 months commencing November 2020 at an interest rate of 1% with a deferral of payments for the first ten months. The Organization received forgiveness of the entire loan on July 29, 2021. The \$28,000 of forgiveness proceeds has been included in government public support revenues in the Statement of Activities for the year ended December 31, 2021.

On March 25, 2021, the Organization was granted a \$29,577 loan pursuant to the Paycheck Protection Program ("PPP") of the CARES Act. The PPP provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24 week period. The loan matures on March 25, 2026. The unforgiven portion of the PPP loan is payable over 60 months commencing December 2021 at an interest rate of 1% with a deferral of payments for the first six months. The Organization received forgiveness of the entire loan on August 2, 2022. The \$29,577 of forgiveness proceeds has been included in government public support revenues in the Statement of Activities for the year ended December 31, 2021.

Wings for Success, Inc.
Notes to Financial Statements
Years ended December 31, 2021 and 2020
(See Independent Accountant's Review Report)

4. Operating leases:

On November 4, 2021, the Organization executed a lease for a new facility in Exton, PA. The lease term commenced on December 1, 2021 and expires on February 28, 2023. The Organization opted to not renew the Frazer, PA lease which expires in September 2022 and has relocated the Frazer operations to Exton, PA. The remaining rent due through the expiration of the Frazer lease is \$22,137.

The lease for the Kennett Square office expires in July 2026. Rent expense is \$74,851 and \$71,649 for the years ended December 31, 2021 and 2020. Rent expense is included in occupancy and utilities on the statement of functional expenses.

Future minimum payments are as follows:

Year	Amount
2022	\$ 88,290
2023	40,258
2024	35,466
2025	36,174
2026	<u>36,528</u>

Total \$ 236,716

5. Concentration of 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. At December 31, 2021 and 2020, the Organization has no uninsured cash balances.

6. 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 contributed services were received in the years ended December 31, 2021 and 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 years ended December 31, 2021 and 2020 totaled \$250,819 and \$43,229, respectively.

7. Subsequent events:

On August 2, 2022, the Organization received full forgiveness of the \$29,577 loan under the PPP. The forgiveness proceeds have been included in government public support revenues in the Statement of Activities for the year ended December 31, 2021. (See Note 3)

The Board of the Organization has evaluated subsequent events through September 13, 2022, the date these financial statements were available to be issued. There were no other material subsequent events that required recognition or additional disclosure in these financial statements.