

Wings for Success, Inc.

Financial Statements

December 31, 2022 and 2021

Wings for Success, Inc.
December 31, 2022 and 2021

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

Julian Sur, CPA
675 Lancaster Avenue
Berwyn PA 19312
610-647-4833
julian@juliansurcpa.com

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 statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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

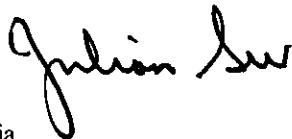
My responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting 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 reviews.

Accountant's Conclusion

Based on my reviews, 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.

Julian Sur, CPA
Berwyn, Pennsylvania



August 31, 2023

Wings for Success, Inc.
Statements of Financial Position
December 31, 2022 and 2021
(See Independent Accountant's Review Report)

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
Assets:		
Cash & cash equivalents	\$ 258,091	\$ 330,287
Pledges receivable	30,000	-
Accounts receivable	3,000	15,614
Prepaid expenses	4,691	5,268
Total current assets	<u>295,782</u>	<u>351,169</u>
Security deposit	3,941	8,191
Total assets	<u>\$ 299,723</u>	<u>\$ 359,360</u>
	<u>Liabilities and Net Assets</u>	
Liabilities:		
Accounts payable & accruals	\$ 7,852	\$ 16,698
Total current liabilities	<u>7,852</u>	<u>16,698</u>
PPP Loan	-	-
Total liabilities	<u>7,852</u>	<u>16,698</u>
Net assets:		
Without donor restrictions	261,871	342,662
With donor restrictions	30,000	-
Total net assets	<u>291,871</u>	<u>342,662</u>
Total liabilities and net assets	<u>\$ 299,723</u>	<u>\$ 359,360</u>

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

Wings for Success, Inc.
 Statements of Activities
 Years ended December 31, 2022 and 2021
 (See Independent Accountant's Review Report)

	2022			2021		
	With Donor Restrictions	Without Donor Restrictions	Total	With Donor Restrictions	Without Donor Restrictions	Total
Public Support and Revenue						
Public support:						
Foundation grants	\$ -	\$ 38,910	\$ 38,910	\$ -	\$ 65,190	\$ 65,190
Government grants	-	7,020	7,020	-	60,877	60,877
Corporate grants	30,000	27,955	57,955	-	48,705	48,705
Individual support	-	41,036	41,036	-	38,125	38,125
In-kind contributions	-	192,929	192,929	-	250,819	250,819
Release from restrictions	-	-	-	-	-	-
Total public support	30,000	307,850	337,850	-	463,716	463,716
Program revenue:						
Contract revenue	-	34,998	34,998	-	38,643	38,643
Consignment income and clothing sales	-	5,559	5,559	-	14,756	14,756
Special events	-	111,835	111,835	-	118,620	118,620
Other income	-	4,274	4,274	-	791	791
Total program revenue	-	156,666	156,666	-	172,810	172,810
Total revenue	30,000	464,516	494,516	-	636,526	636,526
Expenses						
Program	-	441,836	441,836	-	466,263	466,263
General	-	33,751	33,751	-	29,479	29,479
Fundraising	-	69,720	69,720	-	68,329	68,329
Total expenses	-	545,307	545,307	-	564,071	564,071
Change in net assets	30,000	(80,791)	(50,791)	-	72,455	72,455
Beginning net assets	-	342,662	342,662	-	270,207	270,207
Ending net assets	\$ 30,000	\$ 261,871	\$ 291,871	\$ -	\$ 342,662	\$ 342,662

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

Wings for Success, Inc.
Statements of Functional Expenses
Years ended December 31, 2022 and 2021
(See Independent Accountant's Review Report)

	2022				2021			
	Program	General	Fundraising	Total	Program	General	Fundraising	Total
Contributed clothing	\$ 192,929	\$ -	\$ -	\$ 192,929	\$ 250,819	\$ -	\$ -	\$ 250,819
Personnel costs	100,838	16,644	27,004	144,486	103,392	8,737	33,493	145,622
Occupancy and utilities	114,513	4,822	1,205	120,540	79,277	3,338	835	83,450
Special events	-	-	26,234	26,234	-	-	20,426	20,426
Professional services	11,213	1,359	4,417	16,989	10,444	1,266	4,114	15,824
Supplies and equipment	7,718	667	699	9,084	9,310	805	843	10,958
Insurance	4,995	491	2,137	7,623	4,096	402	1,752	6,250
Promotional expenses	916	4,545	745	6,206	2,283	11,337	1,858	15,478
Clothing and related costs	4,761	-	-	4,761	3,461	-	-	3,461
Dues	455	1,507	2,100	4,062	379	1,255	1,748	3,382
Bank fees	443	1,465	2,041	3,949	316	1,045	1,456	2,817
Technology	376	1,245	1,735	3,356	130	430	600	1,160
Miscellaneous	304	1,006	1,403	2,713	261	864	1,204	2,329
Workshop supplies and materials	1,771	-	-	1,771	1,351	-	-	1,351
Volunteer management	604	-	-	604	744	-	-	744
	<u>\$ 441,836</u>	<u>\$ 33,751</u>	<u>\$ 69,720</u>	<u>\$ 545,307</u>	<u>\$ 466,263</u>	<u>\$ 29,479</u>	<u>\$ 68,329</u>	<u>\$ 564,071</u>

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

Wings for Success, Inc.
Statements of Cash Flows
Years ended December 31, 2022 and 2021
(See Independent Accountant's Review Report)

	<u>2022</u>	<u>2021</u>
Operating activities:		
Change in net assets	\$ (50,791)	\$ 72,455
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	(17,386)	1,455
Prepaid expenses	577	4,068
Accounts payable & accruals	(8,846)	(23,627)
Security deposits	4,250	
Net cash used in operating activities	<u>(72,196)</u>	<u>(3,226)</u>
Investing activities:		
Net cash provided by investing activities	<u>-</u>	<u>-</u>
Financing activities:		
PPP Loan proceeds		29,577
Net cash provided by financing activities	<u>-</u>	<u>29,577</u>
Net change in cash	<u>(72,196)</u>	<u>26,351</u>
Cash, beginning of year	330,287	303,936
Cash, end of year	<u>\$ 258,091</u>	<u>\$ 330,287</u>

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

Wings for Success, Inc.
Notes to Financial Statements
Years ended December 31, 2022 and 2021
(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 had \$30,000 of net assets that were restricted for future operations as of December 31, 2022. The Organization has no net assets with donor restrictions as of December 31, 2021.

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. The Organization has \$30,000 and \$0 of pledges receivable at December 31, 2022 and 2021, respectively.

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, 2022 and 2021, 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, 2019.

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, 2022 and 2021
(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. Management considers that no bad debt allowance is required for the years ended December 31, 2022 and 2021. Bad debt expense was \$0 for the years ended December 31, 2022 and 2021.

2. Liquidity and availability of resources:

As of December 31, 2022 and 2021, 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:

	2022	2021
Cash	\$ 258,901	\$ 330,287
Pledges receivable	30,000	-
Accounts receivable	3,000	15,614
Total financial assets	291,901	345,901
 Less: Financial assets not available for general operations within one year	 (30,000)	 -
 Total financial assets available for general expenditure	 \$ 261,901	 \$ 345,901

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, 2022 and 2021
(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. (See Note 7.) The Organization opted to not renew the Frazer, PA lease which expired in September 2022 and has relocated the Frazer operations to Exton, PA. The remaining rent due through the expiration of the Frazer lease was \$22,137.

The lease for the Kennett Square office expires in July 2026. Rent expense is \$84,558 and \$74,851 for the years ended December 31, 2022 and 2021. Rent expense is included in occupancy and utilities on the statement of functional expenses.

Future minimum payments are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 70,258
2024	40,966
2025	36,174
2026	<u>36,528</u>
Total	<u>\$ 183,926</u>

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, 2022 and 2021, 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, 2022 and 2021.

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, 2022 and 2021 totaled \$192,929 and \$250,819, respectively, and are expensed in the year of receipt.

7. Subsequent events:

On February 2, 2023, the Organization renewed its lease in Exton, PA through February 29, 2024 with substantially similar renewal terms. (See Note 4.)

On August 23, 2023, the Organization's board of directors approved a proposal to grant 100% of the assets of Organization to The Wardrobe, a not-for-profit organization, that provides similar services in the region. The Organization anticipates that regulatory approval for this transaction will occur on or before March 31, 2024. Upon regulatory approval, The Wardrobe will assume control of the Organization's assets and operation and the Organization will be dissolved. In connection with the transaction the Organization entered into a shared services agreement with The Wardrobe on May 1, 2023. The Organization pays a \$2,000 monthly fee in consideration of the services received until the transaction is completed.

The Board of the Organization has evaluated subsequent events through August 31, 2023, 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.