

**SUITS TO CAREERS, INC.**  
**FINANCIAL REPORT**  
**DECEMBER 31, 2015**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Suits to Careers, Inc.  
Harrisburg, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Suits to Careers, Inc., which comprise the statements of assets, liabilities and net assets - modified cash basis, as of December 31, 2015 and 2014, and the related statements of revenues, expenses and changes in net assets - modified cash basis and cash flows - modified cash basis for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above presents fairly, in all material respects, the assets, liabilities and net assets arising from cash transactions of Suits to Careers, Inc., as of December 31, 2015 and 2014, and its revenues, expenses and changes in net assets for the years then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania  
April 22, 2016

**SUITS TO CAREERS, INC.**

**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS**  
**December 31, 2015 and 2014**

	2015	2014
<b>ASSETS</b>		
Current Assets		
Cash	\$ 135,665	\$ 152,352
Inventories:		
Dress for Success South Central PA	148,043	154,906
Dress for Success Worldwide	1,049,811	430,130
Tied to Success	27,241	13,344
Prepaid expenses and other assets	1,700	1,700
<b>Total current assets</b>	<b>1,362,460</b>	<b>752,432</b>
Fixed Assets		
Equipment	127,056	119,722
Less accumulated depreciation	(75,336)	(61,141)
	<b>51,720</b>	<b>58,581</b>
<b>Total assets</b>	<b>\$ 1,414,180</b>	<b>\$ 811,013</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Undistributed inventory - Worldwide	\$ 1,049,811	\$ 430,130
Deferred revenues	-	19,600
<b>Total liabilities - all current</b>	<b>1,049,811</b>	<b>449,730</b>
Net Assets		
Unrestricted	314,369	361,283
Temporarily restricted	50,000	-
<b>Total net assets</b>	<b>364,369</b>	<b>361,283</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,414,180</b>	<b>\$ 811,013</b>

See Notes to Financial Statements.

**SUITS TO CAREERS, INC.**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
MODIFIED CASH BASIS**

**Years Ended December 31, 2015 and 2014**

	<b>2015</b>	2014
Unrestricted Net Assets		
Individual and corporate contributions	\$ 65,093	\$ 68,804
In-kind contributions	256,321	320,235
Grants	182,126	203,844
Special events - net		
Gross revenues	123,660	106,498
Less direct costs	(28,702)	(32,744)
	<u>94,958</u>	73,754
Interest income	102	535
Miscellaneous income	25,877	19,775
<b>Total revenues and support</b>	<u>624,477</u>	<u>686,947</u>
Expenses		
Program services	556,039	613,334
Management and general	115,133	114,215
Fundraising	219	1,311
<b>Total expenses</b>	<u>671,391</u>	<u>728,860</u>
<b>Deficiency of revenue over expenses</b>	<u>(46,914)</u>	(41,913)
Net Assets Released from Restrictions	-	1,158
<b>Decrease in unrestricted net assets</b>	<u>(46,914)</u>	<u>(40,755)</u>
Changes in Temporarily Restricted Net Assets		
Contributions	50,000	-
Net assets released from restrictions	-	(1,158)
<b>Increase (decrease) in temporarily restricted net assets</b>	<u>50,000</u>	<u>(1,158)</u>
<b>Changes in net assets</b>	<u>3,086</u>	(41,913)
Net Assets:		
Beginning	361,283	403,196
Ending	<u>\$ 364,369</u>	<u>\$ 361,283</u>

See Notes to Financial Statements.

**SUITS TO CAREERS, INC.**

**STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS**  
**Years Ended December 31, 2015 and 2014**

	2015	2014
Cash Flows From Operating Activities		
Changes in net assets	\$ 3,086	\$ (41,913)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	14,195	8,800
Contributed fixed assets	(1,740)	-
Donations of inventory - net change	(3,660)	(18,394)
Changes in assets and liabilities:		
(Increase) decrease in:		
Inventories	(3,374)	(2,808)
Prepaid expenses and other assets	-	733
(Decrease) increase in:		
Deferred revenues	(19,600)	(1,250)
<b>Net cash used in operating activities</b>	<b>(11,093)</b>	<b>(54,832)</b>
Cash Flows From Investing Activities		
<b>Purchase of equipment</b>	<b>(5,594)</b>	<b>(30,724)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(16,687)</b>	<b>(85,556)</b>
Cash and Cash Equivalents:		
Beginning	152,352	237,908
Ending	<u>\$ 135,665</u>	<u>\$ 152,352</u>
Supplemental Disclosure of Cash Flow Information:		
Donated inventory-net change	\$ 3,660	\$ 18,394
Contributed fixed assets	<u>\$ 1,740</u>	<u>\$ -</u>

See Notes to Financial Statements.

## SUITS TO CAREERS, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activity: Suits to Careers, Inc. (Organization) d/b/a Dress for Success South Central PA, Inc. and d/b/a Tied to Success, is an umbrella not-for-profit organization incorporated in Harrisburg, Pennsylvania in 2014. The mission of the organization is to positively impact lives by helping people achieve their dreams. Prior to May 2014, the Organization was incorporated during July 2006 as Dress for Success South Central PA, Inc. Dress for Success South Central PA, Inc., was formed to promote the economic independence of disadvantaged women by providing professional attire, a network of support and the career development tools to help women thrive in work and in life. The Organization was specifically a women's focused mission under the trademark and license of Dress for Success Worldwide. Tied to Success was formed to provide the necessary support and professional attire for men transitioning from poverty to employment in the process of becoming contributing members of the community. Support for the Organization is derived primarily from state grants and donations, both corporate and individual.

Basis of Accounting and Presentation: The Organization's policy is to prepare its financial statements on the modified cash basis method of accounting. Under this basis, revenues are recognized when collected rather than when earned, and expenses are generally recognized when paid rather than when incurred.

Consequently, accounts receivable, accounts payable and accrued expenses are not included in the financial statements. The following items are treated as modifications within these financial statements.

- Inventory is held in reserve on hand until it can be used by the Organization, at which time it will be expensed.
- Expenses that are incurred and related to future periods are recognized as prepaid expenses. These items are expensed when the service or period of time elapses.
- If an expense results in the acquisition of an asset having an estimated useful life that extends beyond one year, the expense is capitalized and depreciated over the estimated useful life of the asset (e.g. equipment and related depreciation expense).
- If donations are received for a future event, they will be treated as deferred revenues until the event takes place; revenue is recognized at the time of the event.

Use of Estimates: The preparation of financial statements in conformity with modified cash basis of method of accounting requires the use of estimates based upon management's knowledge and expertise. Due to their prospective nature, actual results could differ from those estimates.

## SUITS TO CAREERS, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenues and Expenses and Net Assets: Revenues and expenses and net assets are classified as unrestricted, temporarily restricted or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted - Net Assets whose use by the organization is subject to donor-imposed stipulations that can be fulfilled by actions of the organization pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted - Net Assets subject to donor-imposed stipulations that they may be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on these assets.

Concentration of Credit Risk: The Organization maintains its cash balance with two financial institutions. The balance is insured by the Federal Deposit Insurance Corporation. Management believes the financial risk associated with the depository relationship is minimal.

Equipment: Equipment having a useful life of one year or more is capitalized. Equipment purchased by the Organization is stated at cost. Equipment donated to the Organization is stated at fair value at the date of receipt. Depreciation is provided on the straight-line method over the estimated useful lives of the various assets.

Inventory: The Organization maintains inventory of donated women's and men's suits, shoes, and apparel accessories. The inventory includes donations received from 1) Dress for Success Worldwide (Worldwide) and 2) all other local contributors. Inventory received from Worldwide, is distributed by the Organization on behalf of Dress for Success Worldwide. Worldwide donations are restricted, such that they may only be given away or donated free of charge. In the event that the Organization ceases operations, all worldwide donated inventory on-hand must be returned to Dress for Success Worldwide. Worldwide inventory is valued by Worldwide, while all other donated and purchased inventory is valued at fair market value based on consignment shop prices (e.g. the estimated fair value an unaffiliated purchaser would pay in an arms' length transaction). Purchased inventory is expensed when purchased.

Deferred Revenues: Deferred revenues represent corporate event sponsorship contributions in the current year for future events. Revenues will be recognized when the events have occurred.

## SUITS TO CAREERS, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

Income Taxes: The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations.

Management has assessed the Organization's exposure to income taxes at the entity level as a result of uncertain tax positions taken in current and previously-filed tax returns. Examples of uncertain tax positions taken at the entity level include the continuing validity of its exempt organization status and the prospect of being subject to the filing requirement for unrelated business income. Presently, management believes that it is more likely than not that the Organization's tax position will be sustained upon examination, including any appeals and litigation, such that the Organization has no exposure to income tax liabilities arising from uncertain tax positions. The Organization is subject to routine audits by taxing jurisdictions; however, no audits for any tax periods are currently in progress. Management believes that the Organization is no longer subject to income tax examinations for years ended prior to December 31, 2012.

Subsequent Events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 22, 2016, the date the financial statements were available to be issued.

Subsequent to year-end, the Organization decided to close its Lebanon location branch office and expand on their mobile services.

Additionally, as described in Note 6, the Organization was notified that a claim was filed with PA Labor & Industry by a former employee.

Management is not aware of any other subsequent events that would require recognition or disclosure in the financial statements

## SUITS TO CAREERS, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Special Events - Net

The following schedule summarizes gross revenues and direct costs pertaining to special events conducted during the year ended December 31, 2015:

	2015		
	Gross Revenues	Direct Costs	Net Revenue
Annual Gala	\$ 82,952	\$ 20,940	\$ 62,012
Harrisburg Annual Event	8,155	1,637	6,518
York Annual Event	8,130	1,397	6,733
Lebanon Annual Event	4,575	1,038	3,537
The Power Walk	18,249	2,163	16,086
Other events	1,599	1,527	72
	<u>\$ 123,660</u>	<u>\$ 28,702</u>	<u>\$ 94,958</u>

The following schedule summarizes gross revenues and direct costs pertaining to special events conducted during the year ended December 31, 2014:

	2014		
	Gross Revenues	Direct Costs	Net Revenue
Annual Gala	\$ 75,552	\$ 19,892	\$ 55,660
Harrisburg Annual Event	6,965	2,042	4,923
York Annual Event	7,260	1,790	5,470
Lebanon Annual Event	4,491	1,035	3,456
The Power Walk	10,489	3,465	7,024
Other events	1,741	4,520	(2,779)
	<u>\$ 106,498</u>	<u>\$ 32,744</u>	<u>\$ 73,754</u>

#### Note 3. Commitments

The Organization leases office space for their Harrisburg, York, and Lebanon locations. In January 2015, the Organization chose its option to renew its lease for the Harrisburg location for an additional two years. Future minimum lease payments under the lease are \$29,208. The Organization is renting its York location on a month-to-month lease. In November 2014, the Organization entered into a two-year lease for the Lebanon location that has an option to renew for an additional two years. Future minimum lease payments under the lease are \$7,000.

Subsequent to year-end, the Organization decided to terminate its lease at its Lebanon location.

## SUITS TO CAREERS, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Functional Allocation of Expenses

The costs of program and supporting services have been allocated as shown below for the year ended December 31, 2015:

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 210,915	\$ 43,200	\$ -	\$ 254,115
Payroll taxes	19,301	3,953	-	23,254
Contracted Services	21,668	7,222	-	28,890
Donated services	51,245	17,082	-	68,327
Women's suiting expenses, FMV	165,545	-	-	165,545
Donated rental space and materials	10,940	2,735	-	13,675
Occupancy	33,887	8,472	-	42,359
Equipment	851	-	-	851
Networking and advertising	1,909	-	-	1,909
Supplies	5,310	1,235	-	6,545
Postage	282	141	141	564
Telecommunications	6,354	2,118	-	8,472
Clothing purchase	3,374	-	-	3,374
Travel	3,499	-	-	3,499
Conferences and meetings	1,996	499	-	2,495
Processing fees	2,795	932	-	3,727
Insurance	9,870	3,290	-	13,160
Business licenses and other fees	-	1,614	-	1,614
Depreciation	-	14,195	-	14,195
Utilities	-	3,188	-	3,188
Maintenance	-	5,064	-	5,064
Printing	3,541	79	78	3,698
Other	2,757	114	-	2,871
	<u>\$ 556,039</u>	<u>\$ 115,133</u>	<u>\$ 219</u>	<u>\$ 671,391</u>

## SUITS TO CAREERS, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Functional Allocation of Expenses (Continued)

The costs of program and supporting services have been allocated as shown below for the year ended December 31, 2014:

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 207,917	\$ 42,586	\$ -	\$ 250,503
Payroll taxes	19,395	3,972	-	23,367
Contracted Services	21,004	7,001	-	28,005
Donated services	47,843	15,948	-	63,791
Women's suiting expenses, FMV	189,472	-	-	189,472
Donated rental space and materials	36,616	9,154	-	45,770
Occupancy	30,086	7,522	-	37,608
Equipment	20,520	-	-	20,520
Networking and advertising	3,725	-	-	3,725
Supplies	5,202	711	-	5,913
Postage	363	181	181	725
Telecommunications	7,031	2,344	-	9,375
Clothing purchase	2,808	-	-	2,808
Travel	3,917	-	-	3,917
Conferences and meetings	2,775	694	-	3,469
Processing fees	2,584	861	-	3,445
Insurance	8,797	2,932	-	11,729
Business licenses and other fees	-	4,788	-	4,788
Depreciation	-	8,800	-	8,800
Utilities	-	1,610	-	1,610
Maintenance	-	3,619	-	3,619
Printing	2,194	1,131	1,130	4,455
Other	1,085	361	-	1,446
	<u>\$ 613,334</u>	<u>\$ 114,215</u>	<u>\$ 1,311</u>	<u>\$ 728,860</u>

## SUITS TO CAREERS, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Donated Services, Inventory, Materials and Facilities

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. In-kind contributions included in total public support consist of the following at fair market value at the date of donation:

	2015	2014
Donated services	\$ 68,327	\$ 63,791
Donated inventory and storage materials	172,579	210,674
Donated space and supplies	15,415	45,770
	<u>\$ 256,321</u>	<u>\$ 320,235</u>

Additionally, the Organization receives a significant amount of skilled, contribution time, which does not meet the two recognition criteria above. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements. Approximately 10,333 and 9,249 hours of time were provided by volunteers supporting program services and fundraising for the years ended December 31, 2015 and 2014, respectively. Although not included in the financial statements, this volunteer time is a significant and a necessary resource of the organization's day to day operations and fundraising efforts. The organization is designed to have a skeletal staff with volunteers performing day to day operations especially the direct contact with the clients for professional development and soft skill training. Volunteers are essential to the operational capability to produce outcomes to meet the requirements of our grants and funders. If these professional skills would not be donated it would be necessary to have additional paid staff to fulfill the duties of the volunteers. Their duties vary from professional consultant for interview preparation, soft skill trainer, mock interviewer, resume reviewer and professional consultant about the appropriate attire. Our Professional Women's Group (PWG) & Going Places Network (GPN) are managed by volunteer support. There is also a smaller category of volunteers that help with fundraising. The value of donated volunteer hours amounted to \$238,382 and \$208,553 for the years ended December 31, 2015 and 2014, respectively. The value of volunteer hours was \$23.07 and \$22.55 per hour for the years ended December 31, 2015 and 2014, respectively, which is determined based on the Independent Sector's State value of volunteer hours.

In addition, the Organization routinely receives materials consisting equipment and other program supplies. Since a majority of these materials are passed directly to program beneficiaries and the estimated values are not objective, no amounts have been recorded in the accompanying financial statements.

#### Note 6. Contingencies

Subsequent to year-end, a former employee filed a claim with PA Labor & Industry for additional compensation that they felt was owed to them. The Organization has contacted their insurance company and will dispute this claim. Management, based on consultation with its legal counsel, believes that the ultimate settlement of claims for this loss will not exceed its insurance coverage and will not have a material adverse effect on the financial condition or results of operations of the Organization.