

**THE TRANSITION NETWORK, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Certified Public Accountants

To the Board of Directors of  
**The Transition Network, Inc.**

We have audited the accompanying statements of financial position of The Transition Network, Inc. ("TTN") as of December 31, 2010, and the related statements of activities and of cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Transition Network, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements of The Transition Network, Inc. as December 31, 2010, taken as a whole. The accompanying supplementary schedule of functional expenses included on page 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Marcel & Company*

New York, New York  
August 8, 2011

The Transition Network, Inc.

**STATEMENT OF FINANCIAL POSITION**

As of December 31, 2010

ASSETS

Current assets:		
Cash and cash equivalents	\$	162,136
Grants and contributions receivable		2,500
Investments		<u>6,563</u>
Total assets	\$	<u>171,199</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and accrued expenses	\$	15,121
Deferred revenue		<u>5,220</u>
Total liabilities		<u>20,341</u>
Net assets:		
Unrestricted		129,930
Temporarily restricted		<u>20,928</u>
Total net assets		<u>150,858</u>
Total liabilities and net assets	\$	<u>171,199</u>

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

The Transition Network, Inc.  
**STATEMENTS OF ACTIVITIES**  
For the year ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support			
Membership dues	124,144	5,971	130,115
Grants and contributions	62,163	15,323	77,486
Program meetings and events	59,138	-	59,138
Donated goods and services	28,180	-	28,180
Investment income	408	-	408
Other income	3,509	-	3,509
	<u>277,542</u>	<u>21,294</u>	<u>298,836</u>
Net assets released from restrictions:			
Satisfaction of time restrictions	27,975	(27,975)	-
Satisfaction of purpose restrictions	7,726	(7,726)	-
Total revenue and support	<u>313,243</u>	<u>(35,701)</u>	<u>277,542</u>
Expenses:			
Program services	249,178	-	249,178
Supporting services:			
Management and general	29,096	-	29,096
Fundraising	10,987	-	10,987
Total expenses	<u>289,261</u>	<u>-</u>	<u>289,261</u>
Changes in net assets	23,982	(14,407)	9,575
Net assets, beginning of year	<u>105,948</u>	<u>35,335</u>	<u>141,283</u>
Net assets, end of year	<u>129,930</u>	<u>20,928</u>	<u>150,858</u>

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

The Transition Network, Inc.

**STATEMENTS OF CASH FLOWS**

For the year ended December 31, 2010

Cash flows from operating activities:	
Changes in net assets	\$ 9,575
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Decrease in grants and contributions receivable	34,081
Decrease in prepaids and other miscellaneous receivables	7,343
Increase in accounts payable and accrued expenses	25
Increase in deferred membership dues	<u>2,394</u>
Net cash provided by operating activities	53,418
Cash flows from investing activities:	
Increase in investments	<u>(133)</u>
Net cash (used in) investing activities	<u>(133)</u>
Net increase in cash	53,285
Cash and cash equivalents, beginning of year	<u>108,851</u>
Cash and cash equivalents, end of year	<u>\$ 162,136</u>

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

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010

**NOTE 1 - ORGANIZATION AND OPERATIONS**

The Transition Network, Inc. ("TTN") is a national not-for-profit organization, established in New York by professional women from various career backgrounds. TTN's mission is to provide a national community for women over 50 as they move through transitions in their lives, and to demonstrate that women as they age are valuable assets to society.

One of TTN's significant outreach programs, The Caring Collaborative, is a program for supporting a system which allows women over 50 to join forces to successfully navigate life's transitions. The original funding for this program came from a grant. Currently, the funding is supported by caring collaborative dues and contributions from individuals and other donors.

For federal income tax purposes, this is classified as a 501(c)(3) organization and is exempt under Section 501(a) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Presentation**

The financial statements of TTN have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America.

TTN's financial statements presentation follows the recommendations of the Financial Accounting Standards Board. Under these guidelines, TTN is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Unrestricted Net Assets**

Unrestricted net assets are gifts of cash and other assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and are available for the general operations of TTN. The unrestricted net assets also include those funds that are designated for specific purposes by the Board of directors.

The Transition Network has adopted the policy of reporting temporarily restricted net assets as unrestricted support if the restrictions are met within the same reporting period



THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Temporarily Restricted Net Assets (continued)

Temporarily restricted net assets are gifts of cash and other assets received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets are gifts of cash and other assets that have been restricted by the donor to be held in perpetuity. TTN had no permanently restricted net assets at December 31, 2010.

b) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

c) Cash and Cash Equivalents

TTN considers all money market accounts, certificates of deposit and highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. TTN does not have any debt instruments at December 31, 2010.

d) Contributions and Grants Revenue

Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and / or nature of any donor restrictions. Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

e) Membership Dues (continued)

The benefits that TTN's members received from the payments of their annual dues are de-minimis and therefore the dues are considered contributions. As a result dues are earned as they are received.

Deferred dues represent unearned multi-year membership dues payments.

f) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of 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.

g) Functional Expenses

The costs of providing the various programs and 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.

Functional expenses have been allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities.

h) Fair Value of Financial Instruments

As of January 1, 2010, the Transition Network adopted guidance that established a framework for measuring fair value and expanding its disclosure about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of asset or liability as of the measurement date.

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2010

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

i) Donated Goods and Services

Donated goods are reflected in the financial statements at the estimated fair market value at the time of donation.

Donated services are recognized as contributions in accordance with Financial Accounting Standards, if the services rendered (a) create or enhance non-financial assets or (b) required specialized skills that are performed by people with those skills, and would otherwise be purchased by the organization.

j) Income Taxes

On January 1, 2009, TTN adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold.

This applies to positions taken or expected to be taken in a tax return. The implementation of FIN 48 did not have an impact on the TTN's statement of financial position or statement of activities. TTN does not believe its financial statements include any uncertain tax positions.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are comprised of checking accounts and a savings account:

Checking Accounts	\$ 123,270
Savings Account	<u>31,861</u>
Total	<u>\$ 155,131</u>

**NOTE 4 - INVESTMENTS**

Investments at fair value held by TTN at December 31, 2010 consisted of a Certificate of Deposit totaling \$6,563. The Certificate of Deposit's interest rate is .05% and it matures on August 15, 2012.

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2010

**NOTE 4 - INVESTMENTS (continued)**

The following table summarizes investment by the fair value hierarchy as of December 31, 2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of Deposit	\$ 6,563	\$ -	\$ -	\$ 6,563
Total	<u>\$ 6,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,563</u>

**NOTE 5 - DEFERRED REVENUE**

Deferred membership dues consisted of the unearned portion of two-year membership dues and contributions. Deferred revenue collected prior to December 31, 2010 was \$5,220.

**NOTE 6 - DONATED GOODS AND SERVICES**

The fair value of donated services included as contributions in the financial statements and the corresponding program expenses for the year ended December 31, 2010, are as follows:

Rent and workstations	\$ 18,200
Printing and publications	7,870
Legal	2,110
Total	<u>\$ 28,180</u>

The TTN facility is located in an office building in New York City. The landlord provides rent-free space and workstations.

**NOTE 7 - SUBSEQUENT EVENTS**

In May 2009, the FASB issued Statement No. 165, "Subsequent Events" (FAS 165"), to incorporate the accounting and disclosure requirements for subsequent events into US GAAP. FAS 165 introduces new terminology, defines a date through which management must evaluate subsequent events, and lists the circumstances under which an entity must recognize and disclose events or transactions occurring after the statement of financial position date

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2010

**NOTE 7 - SUBSEQUENT EVENTS (continued)**

TTN evaluated its December 31, 2010 financial statements for subsequent events through July 19, 2011, the date the financial statements were available to be issued. TTN is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

The Transition Network, Inc.

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended December 31, 2010

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 104,638	\$ 15,917	\$ 4,144	\$ 124,699
Payroll taxes and fringe benefits	12,391	1,851	546	14,788
Total salaries and related expenses	<u>117,029</u>	<u>17,768</u>	<u>4,690</u>	<u>139,487</u>
Other expenses:				
Program meetings and events	61,816	-	-	61,816
Rent and workstations	16,380	910	910	18,200
Consultants	15,719	-	-	15,719
Printing and reproduction	7,978	-	2,952	10,930
Accounting and tax preparation	-	8,300	-	8,300
Credit card processing fees	4,480	-	1,830	6,310
Website	5,983	-	-	5,983
Travel and entertainment	4,462	-	-	4,462
Legal	5,031	467	-	5,498
Office supplies	3,007	335	-	3,342
Dues and subscriptions	2,546	283	-	2,829
Insurance	820	889	-	1,709
Postage and shipping	1,020	82	543	1,645
Payroll processing fees	1,110	62	62	1,234
Telephone	978	-	-	978
Bank charges	819	-	-	819
Total other expenses	<u>132,149</u>	<u>11,328</u>	<u>6,297</u>	<u>149,774</u>
Total expenses	<u>\$ 249,178</u>	<u>\$ 29,096</u>	<u>\$ 10,987</u>	<u>\$ 289,261</u>

This schedule should be read in conjunction with the accompanying financial statements and notes thereto.