

**The Transition Network, Inc.**

**Financial Report**

**December 31, 2015**

## TABLE OF CONTENTS

Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-15

*Manger & Associate CPAs P.C.*  
*Certified Public Accountants*  
*295 Madison Avenue Suite 901*  
*New York NY 10017*

---

*Phone: (212) 986-3025*

*Fax: (212) 697-3571*

*Email: info@mangercpaspc.com*

## **Independent Auditors' Report**

To the Board of Directors  
The Transition Network, Inc.

We have audited the accompanying financial statements of The Transition Network, Inc. ("TTN"), a not-for-profit organization, which comprise the statements of financial position as of December 31, 2015 and 2014, and related statements of activities, functional expenses and cash flows 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 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.

### ***Auditors' 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 from 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 auditors' judgement, 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 present fairly, in all material respects, the financial position of TTN as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Manger & Associate CPAs, P.C.***

October 19, 2016

**The Transition Network, Inc.**  
**Statements of Financial Position**  
**As of December 31, 2015 and 2014**

---

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 283,699	\$ 243,079
Investments	534	534
Prepaid expenses and miscellaneous receivables	2,377	1,377
Website	<u>12,446</u>	<u>4,338</u>
Total assets	<u>299,056</u>	<u>249,328</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 8,889	\$ 10,025
Deferred revenue	<u>20,788</u>	<u>10,483</u>
Total liabilities	<u>29,677</u>	<u>20,508</u>
 <b>NET ASSETS</b>		
Unrestricted	263,572	221,663
Temporarily restricted	<u>5,807</u>	<u>7,157</u>
Total net assets	<u>269,379</u>	<u>228,820</u>
Total liabilities and net assets	<u>\$ 299,056</u>	<u>\$ 249,328</u>

*See notes to the financial statements*





**The Transition Network, Inc.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2015 and 2014**

---

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Changes in net assets	\$ 40,559	\$ 7,396
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of website	2,892	2,892
Unrealized (gain) on investments	-	(21)
Change in operating assets and liabilities		
(Increase) decrease in prepaids and miscellaneous receivables	(1,000)	6,771
(Decrease) increase in accounts payable	(1,136)	503
Increase in deferred revenue	10,305	4,110
Net cash provided by operating activities	<u>51,620</u>	<u>21,651</u>
Cash flows from investing activities:		
Increase in investments	-	(513)
Website	(11,000)	-
Net cash (used in) investing activities	<u>(11,000)</u>	<u>(513)</u>
Net increase in cash and cash equivalents	40,620	21,138
Cash and cash equivalents, beginning of year	<u>243,079</u>	<u>221,941</u>
Cash and cash equivalents, end of year	<u>\$ 283,699</u>	<u>\$ 243,079</u>

*See notes to the financial statements*

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

---

**NOTE 1 - ORGANIZATION**

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.

The Caring Collaborative is a program in which members offer health-related assistance and information to other members. Funding for this program came from a grant, dues and donations.

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**

The financial statements of TTN have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The significant accounting policies are described below.

**Basis of Presentation**

The net assets of TTN are reported as follows:

Unrestricted

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and are available for the general operations of TTN.

Temporarily Restricted

Temporarily restricted net assets include gifts of cash and other assets received with donor imposed stipulations that will be met either by actions of TTN and/or the passage of time.

Contributions with donor-imposed restrictions are reported as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when purpose or time restrictions are met, and recorded in the accompanying financial statements as net assets released from restrictions.

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

---

**Basis of Presentation (*continued*)**

Permanently Restricted

Permanently restricted net assets include funds that have been restricted by donor to be held in perpetuity. TTN had no permanently restricted net assets at December 31, 2015 and 2014.

**Concentration of Credit Risk**

Financial instruments that potentially expose the organization to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained at high-quality financial institutions and credit exposure is limited to any one institution. TNN has not experienced any losses on its cash equivalents. Several cash accounts are maintained in a financial institution and are insured by the Federal Deposit Insurance Corporation up to the current limit of \$250,000.

As of December 31, 2015 and 2014, total cash and cash equivalents at any individual bank didn't exceed \$250,000.

**Fair Value of Financial Instruments**

The Transition Network adopted the guidance that established a framework for measuring fair value and expanding its disclosures 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 an asset or liability as of the measurement date.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The type of investments in Level 1 includes listed equities held in the name of TTN, and exclude listed equities and other securities held indirectly through comingled funds.

Level 2- Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

---

**Fair Value of Financial Instruments (*continued*)**

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little (if any) market activity for the assets or liability. The inputs into determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

**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.

**Membership Dues**

Membership dues are recognized ratably over the respective membership term, which coincides with TTN's fiscal year.

Deferred dues represent unearned multi-year membership dues payments.

**Property and Equipment**

The Transition Network capitalizes property and equipment with a cost or fair value exceeds \$1,000 and a useful life of more than one year. Depreciation and amortization of property and equipment is provided on a straight -line method over the expected useful lives of the assets as follows:

Website	5 years
---------	---------

**Donated Goods and Services**

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

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

---

**Donated Goods and Services (*continued*)**

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.

**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.

**Income Taxes**

GAAP 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 adoption of this guidance did not have an impact on TTN's financial statements, as management believes that there are no uncertain tax positions within its financial statements.

TTN's Form 990, Return of Organization Exempt from Income Tax, for the year ended December 31, 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

**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.

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

---

**NOTE 3 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Checking accounts	\$ 201,891	\$ 175,196
Savings account	<u>81,808</u>	<u>67,883</u>
Total	<u>\$ 283,699</u>	<u>\$ 243,079</u>

**NOTE 4 - WEBSITE, NET**

A summary of property and equipment is as follows:

Website	\$ 25,460	\$ 14,460
Less: accumulated depreciation	<u>(13,014)</u>	<u>(10,122)</u>
Total	<u>\$ 12,446</u>	<u>\$ 4,338</u>

Amortization expenses for the years ended December 31, 2015 and 2014 amounted to \$2,892 and \$2,892, respectively.

**NOTE 5 - INVESTMENTS**

Investments at fair value held by The Transition Network at December 31, 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Stocks	<u>\$ 534</u>	<u>\$ 534</u>
Total investments	<u>\$ 534</u>	<u>\$ 534</u>

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

---

**NOTE 5 – INVESTMENTS (continued)**

Investment income for the year ended December 31, 2015 and 2014 was \$247 and \$145, respectively.

TTN had the following investments at December 31, 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Stocks	\$ 534	\$ -	\$ -	\$ 534
Total investments	<u>\$ 534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 534</u>

**NOTE 6 - DEFERRED REVENUE**

Deferred membership dues consisted of the unearned portion of two-year membership dues. The balance of deferred revenue as of December 31, 2015 and 2014 was \$20,788 and \$10,483, respectively.

**NOTE 7 - DONATED GOODS AND SERVICES**

The value of donated goods and services are included as contribution in the financial statements and the corresponding expenses in the schedules of functional expenses for the years ended December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Rent and workstations	\$ -	\$ 20,500
Legal Service	7,500	-
Total	<u>\$ 7,500</u>	<u>\$ 20,500</u>

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

---

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available to satisfy the following program or time restriction at December 31, 2015 and 2014:

Year Ending December 31, 2015:

	December 31, 2014	Contributions	Net Assets Released from Restrictions	December 31, 2015
Purpose Restrictions				
Caring Collaborative	\$ 7,157	\$ 400	\$ (1,750)	\$ 5,807
National Hotline	-	6,207	(6,207)	-
Total	<u>\$ 7,157</u>	<u>6,607</u>	<u>\$ (7,957)</u>	<u>\$ 5,807</u>

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

---

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS (Continued)**

	December 31, 2013	Contributions	Net Assets Released from Restrictions	December 31, 2014
Time Restrictions:				
Annual pledges for Subsequent Year	\$ 1,000	\$ -	\$ (1,000)	\$ -
Purpose Restrictions:				
Caring Collaborative - NYC Branch Activities	745	-	-	745
Caring Collaborative - National Expansion	6,412	-	-	6,412
Total	<u>7,157</u>	<u>-</u>	<u>-</u>	<u>7,157</u>

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2015 and 2014**

---

**NOTE 9 - SUBSEQUENT EVENTS**

The Transition Network evaluated its December 31, 2015 financial statements for subsequent events through October 19, 2016 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.