

**THE TRANSITION NETWORK, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

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To The Board of Directors of  
**The Transition Network, Inc.**  
New York, New York

We have audited the accompanying statement of financial position of The Transition Network, Inc. ("TTN") as of December 31, 2008 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the TTN'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 as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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 consideration of the internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TTN's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2008 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the TTN as of and for the year ended December 31, 2008, taken as a whole.

The supplemental schedule on page 11 is presented for the 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 the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Manger & Company*

New York, New York  
May 29, 2009

THE TRANSITION NETWORK, INC.  
**STATEMENT OF FINANCIAL POSITION**  
AS OF DECEMBER 31, 2008

<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents		\$ 183,915
Grants and contributions receivable		74,162
Investments		<u>6,239</u>
Total current assets		<u>\$ 264,316</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses		\$ 20,286
Deferred revenue		<u>72,593</u>
Total liabilities		<u>92,879</u>
Net assets:		
Unrestricted		79,884
Temporarily restricted		<u>91,553</u>
Total net assets		<u>171,437</u>
Total liabilities and net assets		<u>\$ 264,316</u>

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

THE TRANSITION NETWORK, INC.

**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED DECEMBER 31, 2008

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Membership dues	\$ 121,283	\$ -	\$ 121,283
Grants and contributions	105,524	-	105,524
Program meetings and events	68,029	-	68,029
Book revenue, - net of expenses	(2,555)	-	(2,555)
Donated goods and services	44,500	-	44,500
Investment income	2,956	-	2,956
Workshop revenue	3,321	-	3,321
Other income	4,795	-	4,795
Total revenue and support	<u>347,853</u>	<u>-</u>	<u>347,853</u>
Net assets released from restrictions:			
Satisfaction of purpose restrictions	52,772	(52,772)	-
Satisfaction of time restrictions	2,500	(2,500)	-
Total revenue and support from operations	<u>403,125</u>	<u>(55,272)</u>	<u>347,853</u>
Operating expenses:			
Program services	354,953	-	354,953
Supporting services:			
Management and general	47,509	-	47,509
Fundraising	11,992	-	11,992
Total operating expenses	<u>414,454</u>	<u>-</u>	<u>414,454</u>
Change in net assets	(11,329)	(55,272)	(66,601)
Net assets, beginning of year	<u>91,213</u>	<u>146,825</u>	<u>238,038</u>
Net assets, end of year	<u>\$ 79,884</u>	<u>\$ 91,553</u>	<u>\$ 171,437</u>

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

THE TRANSITION NETWORK, INC.  
**STATEMENT OF CASH FLOWS**  
 FOR THE YEAR ENDED DECEMBER 31, 2008

Cash flows from operating activities:	
Changes in net assets	\$ (66,601)
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	36,581
Decrease in prepaid book costs	35,927
Increase in accounts payable and accrued expenses	6,214
Increase in deferred membership dues	7,378
Decrease in deferred book revenue	<u>(33,334)</u>
Net cash (used in) operating activities	(13,835)
Cash flows from investing activities:	
Increase in investments	<u>(6,239)</u>
Net cash (used in) investing activities	<u>(6,239)</u>
Net (decrease) in cash	(20,074)
Cash and cash equivalents, beginning of year	<u>203,989</u>
Cash and cash equivalents, end of year	<u>\$ 183,915</u>

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

THE TRANSITION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2008

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.

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

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, TTN is required to report information regarding its financial position and activities according to three classes of net assets. 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 operations of TTN.

Temporarily Restricted

Temporarily restricted net assets include gifts of cash and other assets received with donor stipulations that limit the use of the donated assets. When a donor restriction expires or a 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.



THE TRANSITION NETWORK, INC.  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2. (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, 2008.

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 highly liquid debt instruments purchased with the original maturities of three months or less to be cash equivalents.

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.

e) Membership Dues

Membership dues are recognized in the applicable membership period. Any unearned amounts are included in deferred revenue at the end of the year.

THE TRANSITION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED DECEMBER 31, 2008

NOTE 2. (Continued)

f) Use of Estimates

Management of TTN has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues and expenses to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from these 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) 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 Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization.

THE TRANSITION NETWORK, INC.

**NOTES TO FINANCIAL STATEMENTS (continued)**

FOR THE YEAR ENDED DECEMBER 31, 2008

**NOTE 3. CASH AND CASH EQUIVALENTS**

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

Checking Accounts	\$ 50,025
Savings Account	133,891
Total	<u>\$ 183,916</u>

TTN maintains cash and cash equivalents balances in financial institutions which, at times, may exceed the Federal Depository Insurance Limit and subject TTN to concentration of credit risk. However, TTN monitors this risk on a regular basis.

**NOTE 4. GRANTS AND CONTRIBUTIONS RECEIVABLE**

Grants and contributions receivable at December 31, 2008 of \$74,162 consisted of current promises to give all of which are collectible within one year of less.

**NOTE 5. DEFERRED MEMBERSHIP DUES**

Deferred membership dues consisted of the unearned portion of membership dues collected prior to December 31, 2008 in the amount of \$72,593.

**NOTE 6. BOOK REVENUE**

In 2008 TNN recorded revenue in the amount of \$50,500 from the release of its first book. Related costs and expenses totaled \$53,055.

TTN does not anticipate any additional revenue from this book because the publisher may not recoup its advance made to TTN in 2007 of \$50,000.

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED DECEMBER 31, 2008

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 for the year ended December 31, 2008 is as follows:

Rent and workstations	\$ 24,502
Printing and publishing	14,330
Legal	<u>5,668</u>
Total	<u>\$ 44,500</u>

NOTE 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to satisfy the following programs.

<u>Programs:</u>	
Healthcare Collaborative	<u>\$ 91,553</u>

NOTE 9. INVESTMENT

Investments held by TTN at December 31, 2008 consisted of a Certificate of Deposit totaling \$6,239. This Certificate of Deposit's interest rate is 2.83% and it matures on August 15, 2010..

THE TRANSITION NETWORK, INC.

**SCHEDULE OF FUNCTIONAL EXPENSES**

FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries	\$ 156,564	\$ 15,861	\$ 7,184	\$ 179,609
Payroll taxes and fringe benefits	27,041	2,556	1,233	30,830
Total salaries and related expenses	183,605	18,417	8,417	210,439
Other expenses:				
Program meetings and events	67,466	-	-	67,466
Printing and reproduction	26,569	717	717	28,003
Rent and workstations	22,052	1,225	1,225	24,502
Accounting and tax preparation	-	23,846	-	23,846
Website	15,337	-	-	15,337
Consultants	10,821	-	-	10,821
Legal	7,851	436	436	8,723
Credit card processing fees	5,227	-	581	5,808
Travel and entertainment	4,788	-	-	4,788
Insurance	1,532	1,532	-	3,064
Postage and shipping	1,523	95	286	1,904
Dues and subscriptions	1,523	-	-	1,523
Bank charges	-	905	-	905
Telephone	760	-	-	760
Payroll processing fees	649	36	36	721
Office supplies	536	50	44	630
Miscellaneous	4,714	250	250	5,214
Total other expenses	171,348	29,092	3,575	204,015
Total expenses	\$ 354,953	\$ 47,509	\$ 11,992	\$ 414,454

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