

THE TRANSITION NETWORK, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2009 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 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. 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, 2009 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 audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses 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
June 25, 2010

THE TRANSITION NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2009

ASSETS

Current assets:	
Cash and cash equivalents	\$ 108,851
Investments	6,430
Grants and contributions receivable	36,581
Prepays and miscellaneous receivables	<u>7,343</u>
Total current assets	<u>\$ 159,205</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ 15,096
Deferred revenue	<u>2,826</u>
Total liabilities	<u>17,922</u>
Net assets:	
Unrestricted	105,948
Temporarily restricted	<u>35,335</u>
Total net assets	<u>141,283</u>
Total liabilities and net assets	<u>\$ 159,205</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, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:			
Membership dues	\$ 194,913	\$ 3,550	\$ 198,463
Program meetings and events	75,430	-	75,430
Grants and contributions	63,554	3,810	67,364
Donated goods and services	40,517	-	40,517
Investment income	973	-	973
Other income	1,938	-	1,938
Total revenue and support	<u>377,325</u>	<u>7,360</u>	<u>384,685</u>
Net assets released from restrictions:			
Satisfaction of purpose restrictions	<u>63,578</u>	<u>(63,578)</u>	<u>-</u>
Total revenue and support from operations	<u>440,903</u>	<u>(56,218)</u>	<u>384,685</u>
Operating expenses:			
Program services	357,648	-	357,648
Supporting services:			
Management and general	43,810	-	43,810
Fundraising	13,381	-	13,381
Total operating expenses	<u>414,839</u>	<u>-</u>	<u>414,839</u>
Change in net assets	26,064	(56,218)	(30,154)
Net assets, beginning of year	<u>79,884</u>	<u>91,553</u>	<u>171,437</u>
Net assets, end of year	<u>\$ 105,948</u>	<u>\$ 35,335</u>	<u>\$ 141,283</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, 2009

Cash flows from operating activities:	
Changes in net assets	\$ (30,154)
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	37,581
(Increase) in prepaid and miscellaneous receivables	(7,343)
(Decrease) in accounts payable and accrued expenses	(5,190)
(Decrease) in deferred membership dues	<u>(69,767)</u>
Net cash (used in) operating activities	(74,873)
Cash flows from investing activities:	
Increase in investments	<u>(191)</u>
Net cash (used in) investing activities	<u>(191)</u>
Net (decrease) in cash and cash equivalents	(75,064)
Cash and cash equivalents, beginning of year	<u>183,915</u>
Cash and cash equivalents, end of year	<u>\$ 108,851</u>

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

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009

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

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.

Temporarily Restricted Net Assets

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.

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2009.

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

The benefits that TNT's members received from the payments of their annual dues are de-minimus 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.

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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.

i) 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.

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

NOTE 3 - CASH AND CASH EQUIVALENTS

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

Checking Accounts	\$ 62,221
Savings Account	<u>46,630</u>
Total	<u>\$ 108,851</u>

NOTE 4 - GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at December 31, 2009 of \$36,581 consisted of current promises to give all of which are collectible within one year or less.

NOTE 5 - DEFERRED MEMBERSHIP DUES

Deferred membership dues consisted of the unearned portion of multi-year membership dues collected prior to December 31, 2009 in the amount of \$2,826.

NOTE 6 - 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, 2009 is as follows:

Rent and workstations	\$ 25,082
Printing and publishing	2,075
Legal	<u>13,360</u>
Total	<u>\$ 40,517</u>

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2009

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

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

Programs:

Healthcare Collaborative	<u>\$ 35,335</u>
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NOTE 8 - 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 Conservancy adopted FAS 165 as of December 31, 2009, which was the required effective date.

TTN evaluated its December 31, 2009 financial statements for subsequent events through June 25, 2010, 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.

NOTE 9 - INVESTMENT

Investments held by TTN at December 31, 2009 consisted of a Certificate of Deposit totaling \$6,430. This Certificate of Deposit's interest rate is 3.13% and it matures on August 15, 2010.

THE TRANSITION NETWORK, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries	\$ 163,365	\$ 24,075	\$ 5,968	\$ 193,408
Payroll taxes and fringe benefits	<u>24,571</u>	<u>3,982</u>	<u>1,164</u>	<u>29,717</u>
Total salaries and related expenses	<u>187,936</u>	<u>28,057</u>	<u>7,132</u>	<u>223,125</u>
Other expenses:				
Program meetings and events	76,775	-	-	76,775
Consultants	19,340	-	-	19,340
Accounting	-	9,491	-	9,491
Website	9,104	-	-	9,104
Printing and reproduction	6,592	-	2,439	9,031
Rent and workstations	22,574	1,254	1,254	25,082
Credit card processing fees	4,242	-	1,733	5,975
Legal	14,022	2,658	-	16,680
Dues and subscriptions	2,617	291	-	2,908
Travel and entertainment	2,721	-	-	2,721
Postage and shipping	1,454	117	774	2,345
Insurance	780	846	-	1,626
Telephone	1,177	-	-	1,177
Bank charges	1,069	-	-	1,069
Payroll processing fees	886	49	49	984
Office supplies	873	98	-	971
Miscellaneous	<u>5,486</u>	<u>949</u>	<u>-</u>	<u>6,435</u>
Total other expenses	<u>169,712</u>	<u>15,753</u>	<u>6,249</u>	<u>191,714</u>
Total expenses	<u>\$ 357,648</u>	<u>\$ 43,810</u>	<u>\$ 13,381</u>	<u>\$ 414,839</u>

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