

The Transition Network, Inc.

Financial Report

December 31, 2017

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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, 2017 and 2016, 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, 2017 and 2016, 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.


Gruber Palumberi Raffaele Fried, PC

February 12, 2018
New York, NY

The Transition Network, Inc.
Statements of Financial Position
As of December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 295,278	\$ 282,574
Investments	-	958
Prepaid expenses and miscellaneous receivables	13,816	8,188
Website	19,517	25,117
Total assets	<u>\$ 328,611</u>	<u>\$ 316,837</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 11,497	\$ 10,200
Deferred revenue	<u>10,403</u>	<u>11,262</u>
Total liabilities	<u>21,900</u>	<u>21,462</u>
 NET ASSETS		
Unrestricted	306,711	292,740
Temporarily restricted	<u>-</u>	<u>2,635</u>
Total net assets	<u>306,711</u>	<u>295,375</u>
Total liabilities and net assets	<u>\$ 328,611</u>	<u>\$ 316,837</u>

See notes to the financial statements

The Transition Network, Inc.

Statements of Activities

For The Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Membership dues	\$ 229,415	\$ -	\$ 229,415	\$ 223,985	\$ -	\$ 223,985
Grants and contributions	38,212	1,200	39,412	30,175	225	30,400
Program meetings and events	118,961	-	118,961	132,409	-	132,409
Donated goods and services	500	-	500	-	-	-
Investment income	1,212	-	1,212	57	-	57
Other income	808	-	808	390	-	390
	<u>389,108</u>	<u>1,200</u>	<u>390,308</u>	<u>387,016</u>	<u>225</u>	<u>387,241</u>
Net assets released from restrictions:						
Satisfaction of program restrictions	3,835	(3,835)	-	3,397	(3,397)	-
Total revenue and support	<u>392,943</u>	<u>(2,635)</u>	<u>390,308</u>	<u>390,413</u>	<u>(3,172)</u>	<u>387,241</u>
EXPENSES						
Program services	334,024	-	334,024	315,445	-	315,445
Supporting services:						
Management and general	36,969	-	36,969	37,263	-	37,263
Fundraising	7,979	-	7,979	8,537	-	8,537
Total expenses	<u>378,972</u>	<u>-</u>	<u>378,972</u>	<u>361,245</u>	<u>-</u>	<u>361,245</u>
Changes in net assets	13,971	(2,635)	11,336	29,168	(3,172)	25,996
Net assets, beginning of year	292,740	2,635	295,375	263,572	5,807	269,379
Net assets, end of year	<u>\$ 306,711</u>	<u>\$ -</u>	<u>\$ 306,711</u>	<u>\$ 292,740</u>	<u>\$ 2,635</u>	<u>\$ 295,375</u>

See notes to the financial statements

The Transition Network, Inc.

Statements of Functional Expenses

For the years ended December 31, 2017 and 2016

	2017				2016			
	Supporting Services			Total Expenses	Supporting Services			Total Expenses
	Program Services	Management and General	Fundraising		Program Services	Management and General	Fundraising	
Salaries	\$ 85,146	\$ 12,400	\$ 5,787	\$ 103,333	\$ 88,276	\$ 12,856	\$ 6,000	\$ 107,132
Payroll taxes and fringe benefits	9,460	1,378	643	11,481	10,472	1,514	630	12,616
Total salaries and related expenses	94,606	13,778	6,430	114,814	98,748	14,370	6,630	119,748
Other expenses:								
Program meetings and events	103,842	-	-	103,842	120,176	-	-	120,176
Consultants	69,031	-	-	69,031	35,699	-	-	35,699
Professional fees	-	14,747	-	14,747	165	13,975	-	14,140
Web hosting	12,404	-	-	12,404	8,407	-	-	8,407
Marketing	9,645	-	-	9,645	-	-	-	-
Credit card processing fees	6,736	-	16	6,752	13,454	-	31	13,485
State/Federal filing fees	-	6,421	-	6,421	-	5,880	-	5,880
Dues and subscriptions	6,254	-	-	6,254	5,952	-	-	5,952
Rent workstations	5,263	665	122	6,050	5,308	671	122	6,101
Travel and staff meals	5,137	-	-	5,137	3,250	-	-	3,250
Printing and reproductions	3,138	-	1,160	4,298	4,152	-	1,535	5,687
Supplies	3,644	405	-	4,049	4,062	451	-	4,513
Miscellaneous	3,747	-	-	3,747	4,710	-	-	4,710
Payroll processing fees	2,419	306	55	2,780	2,592	328	60	2,980
Insurance	551	597	-	1,148	1,429	1,548	-	2,977
Contributions paid	1,023	-	-	1,023	2,090	-	-	2,090
Postage and shipping	737	50	196	983	594	40	159	793
Bank charges	247	-	-	247	328	-	-	328
Total other expenses	233,818	23,191	1,549	258,558	212,368	22,893	1,907	237,168
Total expenses before depreciation	328,424	36,969	7,979	373,372	311,116	37,263	8,537	356,916
Depreciation	5,600	-	-	5,600	4,329	-	-	4,329
Total expenses	\$ 334,024	\$ 36,969	\$ 7,979	\$ 378,972	\$ 315,445	\$ 37,263	\$ 8,537	\$ 361,245

See notes to the financial statements

The Transition Network, Inc.
Statements of Cash Flows
For the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Changes in net assets	\$ 11,336	\$ 25,996
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of website	5,600	4,329
Unrealized loss	-	80
Change in operating assets and liabilities		
(Increase) in prepaids and miscellaneous receivables	(5,628)	(5,811)
Increase in accounts payable	1,297	1,311
(Decrease) in deferred revenue	(859)	(9,526)
Net cash provided by operating activities	<u>11,746</u>	<u>16,379</u>
Cash flows from investing activities:		
Decrease (increase) in investments	958	(504)
Website	-	(17,000)
Net cash provided by (used in) investing activities	<u>958</u>	<u>(17,504)</u>
Net increase (decrease) in cash and cash equivalents	12,704	(1,125)
Cash and cash equivalents, beginning of year	<u>282,574</u>	<u>283,699</u>
Cash and cash equivalents, end of year	<u>\$ 295,278</u>	<u>\$ 282,574</u>

See notes to the financial statements

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

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, TTN 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, 2017 and 2016

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, 2017 and 2016.

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. TTN 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, 2017 and 2016, 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, 2017 and 2016

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.

Investments at fair value held by The Transition Network at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Level 1	\$ -	\$ 958
Total investments	<u>\$ -</u>	<u>\$ 958</u>

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.

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Property and Equipment

The Transition Network capitalizes property and equipment with a cost or fair value exceed \$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.

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 years ended December 31, 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

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

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Checking accounts	\$ 213,689	\$ 201,106
Savings account	<u>81,589</u>	<u>81,468</u>
Total	<u>\$ 295,278</u>	<u>\$ 282,574</u>

NOTE 4 - PROPERTY AND EQUIPMENT, NET

A summary of property and equipment is as follows:

	<u>2017</u>	<u>2016</u>
Website	\$ 42,460	\$ 42,460
Less: accumulated depreciation	<u>(22,943)</u>	<u>(17,343)</u>
Total	<u>\$ 19,517</u>	<u>\$ 25,117</u>

Amortization expenses for the years ended December 31, 2017 and 2016 amounted to \$5,600 and \$4,329, respectively.

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

NOTE 5 – INVESTMENTS

Investment income consist of the following for the years ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Interest	\$ 154	\$ 137
Realized Gain	1,058	
Unrealized gains (loss)	-	(80)
Total	<u>\$ 1,212</u>	<u>\$ 57</u>

TTN had no investments at December 31, 2017

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, 2017 and 2016 was \$10,403 and \$11,262, 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, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Marketing Service	\$ 500	\$ -
Total	<u>\$ 500</u>	<u>\$ -</u>

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to satisfy the following restrictions at December, 2017:

	<u>December 31, 2016</u>	<u>Contributions</u>	<u>Net assets released from restrictions</u>	<u>December 31, 2017</u>
Purpose restricted	\$ <u>2,635</u>	\$ <u>1,200</u>	\$ <u>(3,835)</u>	\$ <u>-</u>

Temporarily restricted net assets are available to satisfy the following restrictions at December, 2016:

	<u>December 31, 2015</u>	<u>Contributions</u>	<u>Net assets released from restrictions</u>	<u>December 31, 2016</u>
Purpose restricted	\$ <u>5,807</u>	\$ <u>225</u>	\$ <u>(3,397)</u>	\$ <u>2,635</u>

NOTE 9 - SUBSEQUENT EVENTS

The Transition Network evaluated its December 31, 2017 financial statements for subsequent events through February 12, 2018, 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.