

The Transition Network, Inc.

Financial Report

December 31, 2018

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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, 2018 and 2017, 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.

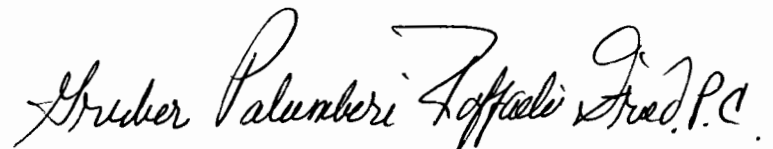
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and 2017, 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.

Change in Accounting Principle

The Transition Network, Inc. adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities* as discussed in Note 2. Our opinion is not modified with respect to that matter.

A handwritten signature in black ink, reading "Gruber Palumberi Raffaele Fried, P.C." in a cursive script.

Gruber Palumberi Raffaele Fried, PC

June 14, 2019
New York, NY

The Transition Network, Inc.
Statements of Financial Position
As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 370,938	\$ 295,278
Investments	370	-
Prepaid expenses and miscellaneous receivables	20,651	13,816
Website	21,784	19,517
Total assets	<u>\$ 413,743</u>	<u>\$ 328,611</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 12,934	\$ 11,497
Deferred revenue	<u>14,680</u>	<u>10,403</u>
Total liabilities	<u>27,614</u>	<u>21,900</u>
 NET ASSETS		
Without donor restrictions	386,129	306,711
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>386,129</u>	<u>306,711</u>
Total liabilities and net assets	<u>\$ 413,743</u>	<u>\$ 328,611</u>

See notes to the financial statements

The Transition Network, Inc.

Statements of Activities

For The Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Membership dues	\$ 268,194	\$ -	\$ 268,194	\$ 229,415	\$ -	\$ 229,415
Grants and contributions	36,468	-	36,468	39,412	-	39,412
Program meetings and events	146,941	-	146,941	118,961	-	118,961
Donated goods and services	-	-	-	500	-	500
Investment income	227	-	227	1,212	-	1,212
Other income	744	-	744	808	-	808
	<u>452,574</u>	<u>-</u>	<u>452,574</u>	<u>390,308</u>	<u>-</u>	<u>390,308</u>
Net assets released from restrictions:						
Satisfaction of program restrictions	-	-	-	2,635	(2,635)	-
Total revenue and support	<u>452,574</u>	<u>-</u>	<u>452,574</u>	<u>392,943</u>	<u>(2,635)</u>	<u>390,308</u>
EXPENSES						
Program services	321,886	-	321,886	334,024	-	334,024
Supporting services:						
Management and general	42,373	-	42,373	36,969	-	36,969
Fundraising	8,897	-	8,897	7,979	-	7,979
Total expenses	<u>373,156</u>	<u>-</u>	<u>373,156</u>	<u>378,972</u>	<u>-</u>	<u>378,972</u>
Changes in net assets	79,418	-	79,418	13,971	(2,635)	11,336
Net assets, beginning of year	<u>306,711</u>	<u>-</u>	<u>306,711</u>	<u>292,740</u>	<u>2,635</u>	<u>295,375</u>
Net assets, end of year	<u>\$ 386,129</u>	<u>\$ -</u>	<u>\$ 386,129</u>	<u>\$ 306,711</u>	<u>\$ -</u>	<u>\$ 306,711</u>

See notes to the financial statements

The Transition Network, Inc.
Statements of Functional Expenses
For the years ended December 31, 2018 and 2017

	2018				2017			
	Supporting Services			Total Expenses	Supporting Services			Total Expenses
Program Services	Management and General	Fundraising			Program Services	Management and General	Fundraising	
Salaries	\$ 91,621	\$ 13,343	\$ 6,227	\$ 111,191	\$ 85,146	\$ 12,400	\$ 5,787	\$ 103,333
Payroll taxes and fringe benefits	9,916	1,444	674	12,034	9,460	1,378	643	11,481
Total salaries and related expenses	<u>101,537</u>	<u>14,787</u>	<u>6,901</u>	<u>123,225</u>	<u>94,606</u>	<u>13,778</u>	<u>6,430</u>	<u>114,814</u>
Other expenses:								
Program meetings and events	114,575	-	-	114,575	103,842	-	-	103,842
Consultants	40,248	-	-	40,248	69,031	-	-	69,031
Professional fees	-	19,032	-	19,032	-	14,747	-	14,747
Credit card processing fees	11,515	-	28	11,543	6,736	-	16	6,752
Web hosting	9,013	-	-	9,013	12,404	-	-	12,404
Rent workstations	5,741	726	133	6,600	5,263	665	122	6,050
State/Federal filing fees	-	6,587	-	6,587	-	6,421	-	6,421
Dues and subscriptions	6,468	-	-	6,468	6,254	-	-	6,254
Marketing	5,995	-	-	5,995	9,645	-	-	9,645
Contributions paid	5,937	-	-	5,937	1,023	-	-	1,023
Printing and reproductions	4,188	-	1,549	5,737	3,138	-	1,160	4,298
Supplies	3,973	441	-	4,414	3,644	405	-	4,049
Payroll processing fees	2,242	313	52	2,607	2,419	306	55	2,780
Travel and staff meals	2,296	-	-	2,296	5,137	-	-	5,137
Insurance	1,018	427	-	1,445	551	597	-	1,148
Postage and shipping	876	60	234	1,170	737	50	196	983
Miscellaneous	424	-	-	424	3,747	-	-	3,747
Bank charges	107	-	-	107	247	-	-	247
Total other expenses	<u>214,616</u>	<u>27,586</u>	<u>1,996</u>	<u>244,198</u>	<u>233,818</u>	<u>23,191</u>	<u>1,549</u>	<u>258,558</u>
Total expenses before depreciation	316,153	42,373	8,897	367,423	328,424	36,969	7,979	373,372
Depreciation	5,733	-	-	5,733	5,600	-	-	5,600
Total expenses	<u>\$ 321,886</u>	<u>\$ 42,373</u>	<u>\$ 8,897</u>	<u>\$ 373,156</u>	<u>\$ 334,024</u>	<u>\$ 36,969</u>	<u>\$ 7,979</u>	<u>\$ 378,972</u>

See notes to the financial statements

The Transition Network, Inc.
Statements of Cash Flows
For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Changes in net assets	\$ 79,418	\$ 11,336
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of website	5,733	5,600
Unrealized loss	41	-
Change in operating assets and liabilities		
(Increase) in prepaids and miscellaneous receivables	(6,835)	(5,628)
Increase in accounts payable	1,437	1,297
Increase (decrease) in deferred revenue	4,277	(859)
Net cash provided by operating activities	<u>84,071</u>	<u>11,746</u>
 Cash flows from investing activities:		
Increase (decrease) in investments	(411)	958
Website	(8,000)	-
Net cash (used in) provided by investing activities	<u>(8,411)</u>	<u>958</u>
 Net increase in cash and cash equivalents	75,660	12,704
 Cash and cash equivalents, beginning of year	<u>295,278</u>	<u>282,574</u>
Cash and cash equivalents, end of year	<u>\$ 370,938</u>	<u>\$ 295,278</u>

See notes to the financial statements

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

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 Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

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, 2018 and 2017, 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 excludes 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, 2018 and 2017

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, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Level 1	\$ 370	\$ -
Total investments	<u>\$ 370</u>	<u>\$ -</u>

TTN had no investments at December 31, 2017

Contributions and Grants Revenue

The Transition Network records contributions and grants when an unconditional promise to give such assets is received from a donor. Contributions and grants are recorded at the fair market value of the assets received and are classified as either net assets without donor restriction, or net assets with donor restriction, depending on whether the donor has imposed a restriction on the use of such assets.

Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions

When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

Contributions and Grants Revenue (continued)

Contributions and grants that are expected to be collected in future years are recorded at their present value of their estimated future cash flows. The discounts on these amounts are computed using an appropriate discount rate determined in the year in which the contribution originates.

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 exceeding \$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
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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.

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

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, 2015, 2016 and 2017 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

New Authoritative pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-2. Leases (Topic 842). The new ASU establishes a right-of-use ("ROU") model that requires a lessee to record a ROU assets and lease liability on the balance sheet for all leases with terms longer than 12 month. The ASU is effective for fiscal years beginning after December 15, 2019 with early adoption permissible. TTN is evaluating the impact of the new standard on the organization's financial statements.

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

New Authoritative pronouncements (continued)

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), (ASU No. 2014-09), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. TTN is evaluating the impact of the new standard on the organization's financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Checking accounts	\$ 284,112	\$ 213,689
Savings account	<u>86,826</u>	<u>81,589</u>
Total	<u>\$ 370,938</u>	<u>\$ 295,278</u>

NOTE 4 - PROPERTY AND EQUIPMENT, NET

A summary of property and equipment is as follows:

	<u>2018</u>	<u>2017</u>
Website	\$ 50,460	\$ 42,460
Less: accumulated depreciation	<u>(28,676)</u>	<u>(22,943)</u>
Total	<u>\$ 21,784</u>	<u>\$ 19,517</u>

Amortization expenses for the years ended December 31, 2018 and 2017 amounted to \$5,733 and \$5,600, respectively.

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 5 – INVESTMENTS

Investment income consist of the following for the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Interest	\$ 268	\$ 154
Realized Gain	-	1,058
Unrealized gains (loss)	<u>(41)</u>	<u>-</u>
Total	<u>\$ 227</u>	<u>\$ 1,212</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, 2018 and 2017 was \$14,680 and \$10,403, respectively.

NOTE 7 - DONATED GOODS AND SERVICES

The value of donated goods and services included as contributions in the financial statements and the corresponding expenses in the schedules of functional expenses for the years ended December 31, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Marketing Service	<u>\$ -</u>	<u>\$ 500</u>
Total	<u>\$ -</u>	<u>\$ 500</u>

The Transition Network, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

The Transition Network does not have assets with donor restrictions as of December 31, 2018 and 2017.

NOTE 9 – LIQUIDITY AND AVAILABILITY

The below reflects The Transition Network’s financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2018</u>	<u>2017</u>
Financial assets, at year-end		
Cash and cash equivalents	\$ 370,938	\$ 295,278
Investments	370	-
Miscellaneous receivables	<u>19,492</u>	<u>9,470</u>
	<u>390,800</u>	<u>304,748</u>
Less those unavailable for general expenditures within one year,		
Due to:		
Contractual or donor-imposed restrictions:	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 390,800</u>	<u>\$ 304,748</u>

In total, TTN has financial assets, on hand at December 31, 2018 to cover approximately nineteen months of operating expenses based on the 2018 actual expenditures for all program and support services expenses excluding program meeting and events, which consist of 31% of the total expenditures.

NOTE 10 - SUBSEQUENT EVENTS

The Transition Network evaluated its December 31, 2018 financial statements for subsequent events through June 14, 2019, 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.