

**The Transition Network, Inc.**

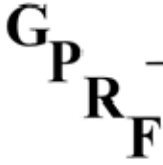
**Financial Report**

**December 31, 2019**

GRUBER PALUMBERI RAFFAELE FRIED, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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**GRUBER PALUMBERI RAFFAELE FRIED, P.C.**

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**Independent Auditor's Report**

To the Board of Directors  
**The Transition Network, Inc.**

**Report on the Financial Statements**

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, 2019 and 2018, 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, 2019 and 2018, 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, P.C.*

June 10, 2020  
New York, NY

**The Transition Network, Inc.**  
**Statements of Financial Position**  
**As of December 31, 2019 and 2018**

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	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 495,049	\$ 370,938
Investments	-	370
Grants and contributions receivable	5,500	-
Prepaid expenses and miscellaneous receivables	3,394	20,651
Website	24,154	21,784
	<u>528,097</u>	<u>413,743</u>
Total assets	<u>\$ 528,097</u>	<u>\$ 413,743</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 33,508	\$ 12,934
Deferred revenue	19,020	14,680
	<u>52,528</u>	<u>27,614</u>
Total liabilities	<u>52,528</u>	<u>27,614</u>
 <b>NET ASSETS</b>		
Without donor restrictions	<u>475,569</u>	<u>386,129</u>
Total net assets	<u>475,569</u>	<u>386,129</u>
Total liabilities and net assets	<u>\$ 528,097</u>	<u>\$ 413,743</u>

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

# The Transition Network, Inc.

## Statements of Activities

For The Years Ended December 31, 2019 and 2018

	2019		2018	
	Without Donor Restrictions	Total	Without Donor Restrictions	Total
REVENUE AND SUPPORT				
Membership dues	\$ 304,628	\$ 304,628	\$ 268,194	\$ 268,194
Grants and contributions	73,560	73,560	36,468	36,468
Program meetings and events	187,237	187,237	146,941	146,941
Donated services	55,702	55,702	-	-
Investment income	425	425	227	227
Other income	708	708	744	744
Total revenue and support	<u>622,260</u>	<u>622,260</u>	<u>452,574</u>	<u>452,574</u>
EXPENSES				
Program services	418,106	418,106	321,886	321,886
Supporting services:				
Management and general	102,062	102,062	42,373	42,373
Fundraising	<u>12,652</u>	<u>12,652</u>	<u>8,897</u>	<u>8,897</u>
Total expenses	<u>532,820</u>	<u>532,820</u>	<u>373,156</u>	<u>373,156</u>
Changes in net assets	89,440	89,440	79,418	79,418
Net assets, beginning of year	<u>386,129</u>	<u>386,129</u>	<u>306,711</u>	<u>306,711</u>
Net assets, end of year	<u>\$ 475,569</u>	<u>\$ 475,569</u>	<u>\$ 386,129</u>	<u>\$ 386,129</u>

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

**The Transition Network, Inc.**  
**Statements of Functional Expenses**  
**For the years ended December 31, 2019 and 2018**

	2019				2018			
	Supporting Services			Total Expenses	Supporting Services			Total Expenses
Program Services	Management and General	Fundraising			Program Services	Management and General	Fundraising	
Salaries	\$ 101,443	\$ 14,773	\$ 6,894	\$ 123,110	\$ 91,621	\$ 13,343	\$ 6,227	\$ 111,191
Payroll taxes and fringe benefits	11,146	1,623	758	13,527	9,916	1,444	674	12,034
Total salaries and related expenses	112,589	16,396	7,652	136,637	101,537	14,787	6,901	123,225
Other expenses:								
Program meetings and events	145,768	-	-	145,768	114,575	-	-	114,575
Consultants	80,836	-	1,300	82,136	40,248	-	-	40,248
Professional fees	-	77,643	-	77,643	-	19,032	-	19,032
Credit card processing fees	14,437	-	33	14,470	11,515	-	28	11,543
Web hosting	13,015	-	-	13,015	9,013	-	-	9,013
Dues and subscriptions	7,096	-	2,400	9,496	6,468	-	-	6,468
Contributions paid	9,090	-	-	9,090	5,937	-	-	5,937
Supplies	6,916	769	-	7,685	3,973	441	-	4,414
Rent workstations	5,701	614	113	6,428	5,741	726	133	6,600
State filing fees	-	5,922	-	5,922	-	6,587	-	6,587
Travel and staff meals	4,492	-	-	4,492	2,296	-	-	2,296
Marketing	4,465	-	-	4,465	5,995	-	-	5,995
Payroll processing fees	2,291	306	51	2,648	2,242	313	52	2,607
Printing and reproductions	1,800	-	666	2,466	4,188	-	1,549	5,737
Postage and shipping	726	112	437	1,275	876	60	234	1,170
Insurance	699	300	-	999	1,018	427	-	1,445
Bank charges	418	-	-	418	107	-	-	107
Miscellaneous	237	-	-	237	424	-	-	424
Total other expenses	297,987	85,666	5,000	388,653	214,616	27,586	1,996	244,198
Total expenses before depreciation	410,576	102,062	12,652	525,290	316,153	42,373	8,897	367,423
Depreciation	7,530	-	-	7,530	5,733	-	-	5,733
Total expenses	\$ 418,106	\$ 102,062	\$ 12,652	\$ 532,820	\$ 321,886	\$ 42,373	\$ 8,897	\$ 373,156

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

**The Transition Network, Inc.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2019 and 2018**

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	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Changes in net assets	\$ 89,440	\$ 79,418
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of website	7,530	5,733
Unrealized loss	-	41
Change in operating assets and liabilities		
(Increase) in grants and contributions receivable	(5,500)	-
Decrease (increase) in prepaids and miscellaneous receivables	17,257	(6,835)
Increase in accounts payable	20,574	1,437
Increase in deferred revenue	4,340	4,277
Net cash provided by operating activities	<u>133,641</u>	<u>84,071</u>
Cash flows from investing activities:		
Increase (decrease) in investments	370	(411)
Website	<u>(9,900)</u>	<u>(8,000)</u>
Net cash (used in) investing activities	<u>(9,530)</u>	<u>(8,411)</u>
Net increase in cash and cash equivalents	124,111	75,660
Cash and cash equivalents, beginning of year	<u>370,938</u>	<u>295,278</u>
Cash and cash equivalents, end of year	<u>\$ 495,049</u>	<u>\$ 370,938</u>

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



**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**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.

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, 2019 and 2018**

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**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, 2019, TTN's cash and cash equivalents balances exceeded federally insured limited by \$86,571. As of December 31, 2018, TTN's cash and cash equivalents balances at any individual bank did not 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 commingled 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, 2019 and 2018**

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**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, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Level 1	\$ -	\$ 370
Total investments	<u>\$ -</u>	<u>\$ 370</u>

TTN had no investments at December 31, 2019

**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.

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.

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**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.

As of December 31, 2019, TTN received donated professional services for the amount of \$55,702. TTN did not receive donated services for the year ended December 31, 2018.

**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.

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**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, 2016, 2017 and 2018 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

**Implementation of FASB ASU 2016-14**

During the year ended December 31, 2018, TTN implemented Financial Accounting Standards Board Accounting Standards Update (FASB ASU) 2016-14. FASB ASU 2016-14 provides new and expanded guidance for financial reporting for not-for-profit entities. The implementation of FASB ASU 2016-14 has resulted in multiple changes to TTN's financial reporting. Net assets are now categorized in two categories; net assets with donor restrictions and net assets without donor restrictions. TTN had added additional disclosures related to its financial liquidity and the availability of financial assets for general expenditure within one year from each statement of financial statement date.

**New Authoritative Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs - Contracts with Customers (Subtopic 340-40). This ASU implements a single framework for revenue recognition ensuring that revenue is recognized in a manner which reflects the consideration to which the entity expects to be entitled to in exchange

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**New Authoritative Pronouncements (*continued*)**

for goods and services. Due to the COVID-19 outbreak in the United states, on June 3, 2020, the FASB delayed implementation of ASC Topic 606, Revenue from Contracts with Customers for one year. The standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2019, and calendar year ended December 31, 2020. TTN is evaluating the impact of the new standard on the organization's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new ASU establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Due to the COVID-19 outbreak in the United states, on June 3, 2020, the FASB delayed implementation of ASU No. 2016-02, *Leases (Topic 842)* for one year. The standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2021, and calendar year ended December 31, 2022. 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, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Checking accounts	\$ 372,938	\$ 284,112
Saving accounts	122,111	86,826
Total	<u>\$ 495,049</u>	<u>\$ 370,938</u>

**NOTE 4 - PROPERTY AND EQUIPMENT, NET**

A summary of property and equipment is as follows:

	<u>2019</u>	<u>2018</u>
Website	\$ 60,360	\$ 50,460
Less: accumulated amortization	<u>(36,206)</u>	<u>(28,676)</u>
Total	<u>\$ 24,154</u>	<u>\$ 21,784</u>

Amortization expenses for the years ended December 31, 2019 and 2018 amounted to \$7,530 and \$5,733, respectively.

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**NOTE 5 – INVESTMENTS**

Investment income consist of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest	\$ 435	\$ 268
Realized gain (loss)	(51)	-
Unrealized gain (loss)	41	(41)
Total	<u>\$ 425</u>	<u>\$ 227</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, 2019 and 2018 was \$19,020 and \$14,680, respectively.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

The Transition Network does not have assets with donor restrictions as of December 31, 2019 and 2018.

**The Transition Network, Inc.**  
**Notes to Financial Statements**  
**December 31, 2019 and 2018**

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**NOTE 8 – 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>2019</u>	<u>2018</u>
Financial assets, at year-end		
Cash and cash equivalents	\$ 495,049	\$ 370,938
Investments	-	370
Grants and contributions receivable	5,500	-
Miscellaneous receivables	<u>-</u>	<u>19,492</u>
	<u>500,549</u>	<u>390,800</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>\$ 500,549</u>	<u>\$ 390,800</u>

In total, TTN has financial assets, on hand at December 31, 2019 to cover approximately seventeen months of operating expenses based on the 2019 actual expenditures for all program and support services expenses excluding program meeting and events, which consist of 31% of the total expenditures.

**NOTE 9 - SUBSEQUENT EVENTS**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, TTN expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

The Transition Network evaluated its December 31, 2019 financial statements for subsequent events through June 10, 2020, 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.