

The Transition Network, Inc.

Financial Report

For the years ended December 31, 2011 and 2010

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Manger & Company

Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
The Transition Network, Inc.

We have audited the accompanying statements of financial position of The Transition Network, Inc. (a nonprofit organization) as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of The Transition Network Inc.'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. 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 our audit provide 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, 2011 and 2010, and the changes in its net assets and its cash flows, for the years 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 as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records use to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Manger & Company

New York, NY
June 7, 2012

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The Transition Network, Inc.
Statements of Financial Position
As of December 31, 2011 and 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 143,475	\$ 162,136
Investments	-	6,563
Grants and contributions receivable	-	2,500
Prepaid expense	<u>636</u>	<u>-</u>
Total current assets	<u>144,111</u>	<u>171,199</u>
Property and equipment, net	<u>13,014</u>	<u>-</u>
Total current assets	<u>\$ 157,125</u>	<u>\$ 171,199</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 16,912	\$ 15,121
Deferred revenue	<u>5,358</u>	<u>5,220</u>
Total liabilities	<u>22,270</u>	<u>20,341</u>
NET ASSETS		
Unrestricted	120,142	129,930
Temporarily restricted	<u>14,713</u>	<u>20,928</u>
Total net assets	<u>134,855</u>	<u>150,858</u>
Total liabilities and net assets	<u>\$ 157,125</u>	<u>\$ 171,199</u>

*See independent auditors' report.
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, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Changes in net assets	\$ (16,003)	\$ 9,575
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,446	-
Changes in operating assets and liabilities:		
Decrease in grants and contributions receivable	2,500	34,081
(Increase) decrease in prepaid expenses		
miscellaneous receivables	(636)	7,343
Increase in accounts payable and accrued expenses	1,791	25
Increase in deferred membership dues	138	2,394
Net cash provided by operating activities	<u>(10,764)</u>	<u>53,418</u>
Cash flows from investing activities:		
(Purchase) of property and equipment	(14,460)	-
Increase (decrease) in investments	6,563	(133)
Net cash (used in) investing activities	<u>(7,897)</u>	<u>(133)</u>
Net increase in cash	(18,661)	53,285
Cash and cash equivalents, beginning of year	<u>162,136</u>	<u>108,851</u>
Cash and cash equivalents, end of year	<u>\$ 143,475</u>	<u>\$ 162,136</u>

See independent auditors' report.

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

THE TRANSITION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

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 for supporting a system which allows women over 50 to join forces to successfully navigate life's transitions. The original funding for this program comes from a grant. Currently, the funding is supported by caring collaborative dues and contributions from individuals and other donors.

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

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. As of December 31, 2011 TTN had \$14,713 in temporarily restricted net assets.

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

THE TRANSITION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same fiscal year are reported as unrestricted revenue.

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, 2011 and 2010.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash and Cash Equivalents

TTN considers all money market accounts, certificates of deposit and highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. TTN does not have any debt instruments at December 31, 2011.

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.

THE TRANSITION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

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.

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.

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

The benefits that TTN'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.

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 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 are reflected in the financial statements at the estimated fair market value at the time of donation.

THE TRANSITION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

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

TTN adopted Accounting Standards Codification ("ASC") 740 "Income Taxes." ASC 740 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.

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.

THE TRANSITION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Checking accounts	\$ 104,922	\$ 123,270
Savings account	<u>38,553</u>	<u>31,861</u>
Total	<u>\$ 143,475</u>	<u>\$ 155,131</u>

NOTE 4 - PROPERTY AND EQUIPMENT, NET

A summary of website costs is as follows:

Website	\$ 14,460
Less: accumulated depreciation	<u>(1,446)</u>
	<u>\$ 13,014</u>

Depreciation expense for the year ended December 31, 2011 was \$1,446.

NOTE 5 - INVESTMENTS

Investments at fair value held by The Transition Network at December 31, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Certificate of Deposit	\$ -	\$ 6,563
Total investments	<u>\$ -</u>	<u>\$ 6,563</u>

Investment income for the year ended December 31, 2011 and 2010 was \$296 and \$408, respectively

THE TRANSITION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

The following table summarizes investments by fair value as of December 31, 2010:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificate of Deposit	<u>\$ 6,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,563</u>
Total investments	<u>\$ 6,563</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,563</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, 2011 and 2010 was \$5,358 and \$5,220, 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 for the years ended December 31, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Rent and workstations	\$ 20,604	\$ 18,200
Printing and publishing	500	7,870
Legal	<u>2,448</u>	<u>2,110</u>
Total	<u>\$ 23,552</u>	<u>\$ 28,180</u>

THE TRANSITION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to satisfy the following program or time restriction at December 31, 2011 and 2010:

	December 31, 2010	Contributions	Net Assets Released from Restrictions	December 31, 2011
Time Restrictions				
Annual pledges	\$ 2,500	\$ 2,500	\$ (2,500)	\$ 2,500
Total	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ (2,500)</u>	<u>\$ 2,500</u>
Purpose restricted				
Website	4,825	-	(4,825)	-
Caring Collaborative - NYC Branch Activities	5,971	9,320	(8,415)	6,876
Caring Collaborative - National Expansion	<u>7,632</u>	<u>205</u>	<u>(2,500)</u>	<u>5,337</u>
Total	<u>\$ 20,928</u>	<u>\$ 9,525</u>	<u>\$ (15,740)</u>	<u>\$ 14,713</u>

NOTE 7 - SUBSEQUENT EVENTS

The Transition Network evaluated its December 31, 2011 financial statements for subsequent events through June 7, 2012 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.

The Transition Network, Inc.
Schedules of Functional Expenses
For the years ended December 31, 2011 and 2010

	2011			2010			
	Program Services	Supporting Services		Program Services	Supporting Services		
		Management and General	Fundraising		Management and General	Fundraising	Total Expenses
Salaries	\$ 103,819	\$ 15,867	\$ 4,030	\$ 123,516	\$ 104,638	\$ 4,144	\$ 124,889
Payroll taxes and fringe benefits	17,021	2,692	770	20,483	12,391	546	14,788
Total salaries and related expenses	120,840	18,359	4,800	143,999	117,029	4,690	139,487
Other expenses:							
Program meetings and events	82,119	-	-	82,119	61,816	-	61,816
Rent and workstations	18,544	1,030	1,030	20,604	16,380	910	18,200
Accounting and tax preparation	-	9,345	-	9,345	-	8,300	6,300
Credit card processing fees	5,324	-	2,175	7,499	4,480	1,830	6,310
Consultants	6,283	-	-	6,283	15,719	-	15,719
Legal	1,958	3,748	-	5,706	5,031	467	5,498
Travel and entertainment	5,566	-	-	5,566	4,462	-	4,462
Printing and reproduction	3,629	-	1,343	4,972	7,978	-	10,930
Website	4,923	-	-	4,923	5,983	-	5,983
Dues and subscriptions	3,959	441	-	4,410	2,546	283	2,829
Office supplies	2,537	283	-	2,820	3,007	335	3,342
Postage and shipping	1,943	130	518	2,591	820	889	1,709
Insurance	820	889	-	1,709	1,020	82	1,645
Payroll processing fees	970	137	35	1,142	1,110	62	1,234
Telephone	875	-	-	875	978	-	978
Bank charges	337	-	-	337	819	-	819
Miscellaneous	1,887	353	-	2,220	-	-	-
Total	141,684	16,336	5,101	163,121	132,149	6,297	149,774
Total expenses before depreciation	262,524	34,695	9,901	307,120	249,178	10,987	289,261
Depreciation	1,229	174	43	1,446	-	-	-
Total expenses	\$ 263,753	\$ 34,869	\$ 9,944	\$ 308,566	\$ 249,178	\$ 10,987	\$ 289,261

See independent auditors' report.