

FINANCIAL STATEMENTS



FOR THE YEAR ENDED DECEMBER 31, 2020

THE TRANSITION NETWORK, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Transition Network, Inc.
New York, New York

We have audited the accompanying financial statements of The Transition Network, Inc. (TTN), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the year 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.

Auditor's Responsibility

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 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 auditor's judgment, 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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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, 2020, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Friedman

May 10, 2021

THE TRANSITION NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 610,676
Prepaid expenses	<u>1,994</u>
Total current assets	<u>612,670</u>

FIXED ASSETS

Website	29,400
Less: Accumulated amortization	<u>(6,663)</u>
Net fixed assets	<u>22,737</u>

TOTAL ASSETS **\$ 635,407**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Loan payable	\$ 20,834
Accounts payable and accrued liabilities	38,498
Deferred revenue	<u>10,111</u>
Total current liabilities	<u>69,443</u>

NONCURRENT LIABILITIES

Loan payable, net of current portion	<u>6,666</u>
Total liabilities	<u>76,109</u>

NET ASSETS

Without donor restrictions	540,730
With donor restrictions	<u>18,568</u>
Total net assets	<u>559,298</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 635,407**

THE TRANSITION NETWORK, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Membership	\$ 261,429	\$ 37,198	\$ 298,627
Grants and contributions	40,916	-	40,916
Program revenue	52,731	-	52,731
Contributed services	4,740	-	4,740
Interest income	2,910	-	2,910
Other	311	-	311
Net assets released from donor restrictions	<u>18,630</u>	<u>(18,630)</u>	<u>-</u>
Total support and revenue	<u>381,667</u>	<u>18,568</u>	<u>400,235</u>
EXPENSES			
Program Services	<u>258,680</u>	<u>-</u>	<u>258,680</u>
Supporting Services:			
Management and General	49,459	-	49,459
Fundraising	<u>8,367</u>	<u>-</u>	<u>8,367</u>
Total supporting services	<u>57,826</u>	<u>-</u>	<u>57,826</u>
Total expenses	<u>316,506</u>	<u>-</u>	<u>316,506</u>
Change in net assets	65,161	18,568	83,729
Net assets at beginning of year	<u>475,569</u>	<u>-</u>	<u>475,569</u>
NET ASSETS AT END OF YEAR	<u>\$ 540,730</u>	<u>\$ 18,568</u>	<u>\$ 559,298</u>

THE TRANSITION NETWORK, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 101,219	\$ 16,364	\$ 7,438	\$ 23,802	\$ 125,021
Meeting and events	68,943	-	-	-	68,943
Professional fees	8,980	18,601	-	18,601	27,581
Payroll taxes and benefits	15,614	2,045	929	2,974	18,588
Dues and subscriptions	10,209	-	-	-	10,209
Credit card processing fees	9,998	-	-	-	9,998
Contributions	9,465	-	-	-	9,465
Loss on disposal of website	-	8,317	-	8,317	8,317
Web hosting	7,565	-	-	-	7,565
Contributed services	4,740	-	-	-	4,740
Amortization	4,600	-	-	-	4,600
Taxes and licenses	4,549	-	-	-	4,549
Marketing	4,145	-	-	-	4,145
Supplies	3,582	-	-	-	3,582
Storage space	2,988	-	-	-	2,988
Payroll processing fees	-	2,743	-	2,743	2,743
Postage and shipping	-	1,389	-	1,389	1,389
Insurance	842	-	-	-	842
Printing and reproduction	743	-	-	-	743
Advertising	360	-	-	-	360
Bank charges and fees	138	-	-	-	138
TOTAL	\$ 258,680	\$ 49,459	\$ 8,367	\$ 57,826	\$ 316,506

THE TRANSITION NETWORK, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 83,729
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	4,600
Loss on disposal website	8,317
Decrease in:	
Grant receivable	5,500
Prepaid expenses	1,400
Increase (decrease) in:	
Accounts payable and accrued liabilities	4,990
Deferred revenue	<u>(8,909)</u>
Net cash provided by operating activities	<u>99,627</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of fixed assets	<u>(11,500)</u>
Net cash used by investing activities	<u>(11,500)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from loan payable	<u>27,500</u>
Net cash provided by financing activities	<u>27,500</u>
Net increase in cash and cash equivalents	115,627
Cash and cash equivalents at beginning of year	<u>495,049</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 610,676</u>

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Transition Network, Inc. (TTN) is a non-profit organization, incorporated in the State of New York and operating in several locations around the country. 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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncements adopted -

During 2020, TTN adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way TTN recognized revenue; however, the presentation and disclosures of revenue have been enhanced. TTN has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Cash and cash equivalents -

TTN considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, TTN maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

THE TRANSITION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Website costs are amortized over five years once placed in service. Costs incurred for the ongoing maintenance of the existing website are expensed as incurred. The capitalization and ongoing assessment of recoverability of website development costs incurred require reasonable judgment by management with respect to certain external factors, including, but not limited to, technological and economic feasibility and estimated economic life. Amortization expense for the year ended December 31, 2020 totaled \$4,600.

Income taxes -

TTN is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. TTN is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2020, TTN has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue -

Grants and contributions are recognized in the appropriate category of net assets in the period received. TTN performs an analysis of the individual grant and contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions and grants qualifying as contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. TTN did not have any unrecognized conditional contributions as of December 31, 2020.

Grants classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and are recorded as revenue at a point in time when the performance obligations are met. Transaction price is based on cost.

THE TRANSITION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Revenue (continued) -

Program revenue received for events and registration fees is recorded as revenue when the related event has occurred. The transaction price is determined based on sales price. Revenue received in advance for registration fees is recorded as deferred revenue within the accompanying Statement of Financial Position.

Membership dues, which are recognized as revenue upon receipt, consist of contributions designed to provide resources in support of TTN's mission.

Contributed services -

Contributed services consist of pro-bono services. Contributed services are recorded at their fair value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to TTN; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising -

TTN expenses advertising costs as incurred. Advertising expense was \$360 for the year ended December 31, 2020.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of TTN are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact TTN's operations. The overall potential impact is unknown at this time.

New accounting pronouncement not yet adopted -

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements.

THE TRANSITION NETWORK, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

New accounting pronouncement not yet adopted (continued) -

During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

TTN plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. LOAN PAYABLE

On May 7, 2020, TTN received loan proceeds in the amount of \$27,500 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. TTN intends to use the proceeds for purposes consistent with the Paycheck Protection Program and believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. TTN intends to apply for forgiveness after completing the 24 week period. If forgiveness is granted, TTN will record revenue from debt extinguishments during the period that forgiveness is approved.

Principal payments as stated in the promissory note are due as follows unless otherwise forgiven:

Year Ending December 31,

2021	\$ 20,834
2022	<u>6,666</u>
	<u>\$ 27,500</u>

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020:

Subject to Passage of Time **\$ 18,568**

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Timing Restrictions Accomplished **\$ 18,630**

THE TRANSITION NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and Cash Equivalents	\$ <u>610,676</u>
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TTN has a policy to structure its financial assets to be available and liquid as its obligations become due.

5. RETIREMENT PLAN

TTN provides retirement benefits to its employees through a SIMPLE IRA plan covering all full-time employees with one year of eligible experience. TTN may match the employee's contribution up to 3% of their salary, based on the compensation terms negotiated between TTN and the employee. Contributions to the Plan during the year ended December 31, 2020 totaled \$2,335.

6. SUBSEQUENT EVENTS

In preparing these financial statements, TTN has evaluated events and transactions for potential recognition or disclosure through May 10, 2021, the date the financial statements were issued.