

# TPA Network, Incorporated

Financial Statements and Supplementary Information

Years ended September 30, 2019 and 2018





## **Independent Auditor's Report**

To the Board of Directors  
TPA Network, Incorporated  
Chicago, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of TPA Network, Incorporated (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and changes in net assets, 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TPA Network, Incorporated as of September 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

## Other Matters

## Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 used 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. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2020, on our consideration of TPA Network, Incorporated's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TPA Network, Incorporated's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TPA Network, Incorporated's internal control over financial reporting and compliance.

*Wipfli LLP*

Lincolnshire, Illinois  
February 27, 2020

# TPA Network, Incorporated

## Statements of Financial Position

<i>September 30,</i>	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 588,139	\$ 948,485
Certificates of deposit	414,180	402,547
Grants and contributions receivable	330,875	296,794
Accounts receivable	94,748	67,350
Prepaid expenses	47,964	42,723
Total current assets	1,475,906	1,757,899
Property and equipment:		
Furniture and office equipment	39,667	39,667
Vehicles	16,757	16,757
Total property and equipment	56,424	56,424
Less accumulated depreciation	(34,814)	(26,879)
Net property and equipment	21,610	29,545
Other assets:		
Website, net of accumulated amortization	14,481	21,221
Security deposit	65,000	65,000
Total other assets	79,481	86,221
Total assets	\$ 1,576,997	\$ 1,873,665

# TPA Network, Incorporated

## Statements of Financial Position (Continued)

<i>September 30,</i>	2019	2018
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 77,615	\$ 113,040
Accrued payroll expenses	36,007	26,812
Deferred rent	90,254	90,865
Total current liabilities	203,876	230,717
Net assets:		
Without donor restrictions	1,092,108	1,281,103
With donor restrictions	281,013	361,845
Total net assets	1,373,121	1,642,948
Total liabilities and net assets	\$ 1,576,997	\$ 1,873,665

See accompanying notes to financial statements.

# TPA Network, Incorporated

## Statement of Activities and Changes in Net Assets

<i>Year Ended September 30,</i>	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Government grants	\$ 1,615,110	\$ -	\$ 1,615,110
Contributions	631,196	211,610	842,806
Special event revenue, net of direct benefit donor expenses	419,243	-	419,243
Advertisement income	593,971	-	593,971
Interest income	18,458	-	18,458
Other income	56,958	-	56,958
Net assets released from restrictions	292,442	(292,442)	-
Total support and revenue	3,627,378	(80,832)	3,546,546
Expenses:			
Program services	2,774,529	-	2,774,529
Management and general	503,581	-	503,581
Fundraising	538,263	-	538,263
Total expenses	3,816,373	-	3,816,373
Change in net assets	(188,995)	(80,832)	(269,827)
Net assets - Beginning of year	1,281,103	361,845	1,642,948
Net assets - End of year	\$ 1,092,108	\$ 281,013	\$ 1,373,121

See accompanying notes to financial statements.

# TPA Network, Incorporated

## Statement of Activities and Changes in Net Assets

<i>Year Ended September 30,</i>	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>			
Government grants	\$ 1,652,091	\$ -	\$ 1,652,091
Contributions	719,634	273,400	993,034
Special events revenue, net of direct benefit donor expenses	449,646	-	449,646
Advertisement income	655,545	-	655,545
Interest income	2,744	-	2,744
Other income	108,008	-	108,008
Net assets released from restrictions	7,500	(7,500)	-
<b>Total support and revenue</b>	<b>3,595,168</b>	<b>265,900</b>	<b>3,861,068</b>
<b>Expenses:</b>			
Program	2,540,570	-	2,540,570
Management and general	496,670	-	496,670
Fundraising	490,924	-	490,924
<b>Total expenses</b>	<b>3,528,164</b>	<b>-</b>	<b>3,528,164</b>
<b>Other income (expense)</b>			
Lease termination expense	(381)	-	(381)
<b>Change in net assets</b>	<b>66,623</b>	<b>265,900</b>	<b>332,523</b>
<b>Net assets - Beginning of year</b>	<b>1,214,480</b>	<b>95,945</b>	<b>1,310,425</b>
<b>Net assets - End of year</b>	<b>\$ 1,281,103</b>	<b>\$ 361,845</b>	<b>\$ 1,642,948</b>

See accompanying notes to financial statements.

# TPA Network, Incorporated

## Statement of Functional Expenses

Year Ended September 30,	2019			
	Supporting Services			
	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 1,407,933	\$ 305,657	\$ 274,798	\$ 1,988,388
Employee benefits and taxes	329,284	58,365	64,443	452,092
Professional fees	154,043	54,324	17,809	226,176
Specific assistance to individuals	20,390	-	-	20,390
Retreats and events	26,230	-	-	26,230
Occupancy	230,241	33,828	26,967	291,036
Insurance	-	11,275	-	11,275
Telephone	12,271	2,731	1,181	16,183
Rental and maintenance of equipment	9,868	1,310	1,156	12,334
Computer and software	46,083	2,217	5,961	54,261
Supplies	75,152	15,178	5,294	95,624
Advertising and public relations	4,152	1,286	7,117	12,555
Printing and publications	205,736	239	1,862	207,837
Postage and shipping	62,157	92	845	63,094
Meetings and travel	157,560	2,171	2,690	162,421
Staff development	3,345	1,993	1,410	6,748
Dues and subscriptions	1,150	92	192	1,434
Fees	18,260	11,604	10,504	40,368
Special events expenses	-	-	113,253	113,253
Direct benefit donor expenses	-	-	19,996	19,996
Depreciation and amortization	10,674	1,219	2,781	14,674
Total functional expenses	2,774,529	503,581	558,259	3,836,369
Less: Direct benefit donor expenses	-	-	(19,996)	(19,996)
Total expenses	\$ 2,774,529	\$ 503,581	\$ 538,263	\$ 3,816,373

See accompanying notes to financial statements.



# TPA Network, Incorporated

## Statement of Functional Expenses

	2018			
	Supporting Services		Total	
	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 1,264,912	\$ 262,593	\$ 233,479	\$ 1,760,984
Employee benefits and taxes	272,100	60,407	50,485	382,992
Professional fees	146,691	28,236	6,793	181,720
Specific assistance to individuals	11,226	-	-	11,226
Retreats and events	35,095	-	-	35,095
Occupancy	193,282	58,845	28,668	280,795
Insurance	-	14,749	-	14,749
Telephone	11,901	2,552	1,715	16,168
Rental and maintenance of equipment	8,856	1,558	1,314	11,728
Computer and software	58,453	1,981	12,377	72,811
Supplies	94,669	17,123	2,534	114,326
Advertising and public relations	10,495	-	13,798	24,293
Printing and publications	218,006	-	3,069	221,075
Postage and shipping	69,014	153	1,018	70,185
Meetings and travel	118,728	762	4,901	124,391
Staff development	4,989	451	1,288	6,728
Dues and subscriptions	102	(258)	2,079	1,923
Fees	1,482	34,991	12,157	48,630
Special events expenses	-	-	113,564	113,564
Direct benefit donor expenses	-	-	22,676	22,676
Unrelated business income taxes	(3,549)	-	-	(3,549)
Depreciation and amortization	24,118	12,527	1,685	38,330
Total functional expenses	2,540,570	496,670	513,600	3,550,840
Less: Direct benefit donor expenses	-	-	(22,676)	(22,676)
Total expenses	\$ 2,540,570	\$ 496,670	\$ 490,924	\$ 3,528,164

See accompanying notes to financial statements.

# TPA Network, Incorporated

## Statements of Cash Flows

<i>Years Ended September 30,</i>	2019	2018
<b>Cash flows from operating activities:</b>		
Governmental contributions	\$ 1,632,084	\$ 1,521,900
Contributions	803,786	956,924
Net revenue from special events	407,208	438,496
Advertisement income	566,573	710,224
Interest income	18,458	2,744
Other income	56,958	108,108
Payments for taxes	19,721	(3,549)
Payments for operating expenses	(3,853,501)	(3,430,714)
<b>Net cash flows from operating activities</b>	<b>(348,713)</b>	<b>304,133</b>
<b>Cash flows from investing activities:</b>		
Increase in certificates of deposit	(11,633)	(402,547)
<b>Net change in cash</b>	<b>(360,346)</b>	<b>(98,414)</b>
Cash, beginning of year	948,485	1,046,899
Cash, end of year	\$ 588,139	\$ 948,485
<b>Reconciliation of change in net assets to net cash flows from operating activities:</b>		
Change in net assets	\$ (269,827)	\$ 332,523
<b>Adjustments to reconcile change in net assets to net cash flows from operating activities:</b>		
Loss on disposal of property and equipment	-	381
Depreciation and amortization	14,674	38,330
<b>Changes in operating assets and liabilities:</b>		
Grants and contributions receivable	(61,479)	(122,771)
Prepaid expenses	(5,240)	8,350
Accounts payable	(35,425)	24,949
Accrued payroll expenses	9,195	(3,549)
Deferred rent	(611)	33,676
Refundable advance from government funding	-	(7,756)
<b>Net cash flows from operating activities</b>	<b>\$ (348,713)</b>	<b>\$ 304,133</b>

See accompanying notes to financial statements.

# TPA Network, Incorporated

## Notes to Financial Statements

---

### Note 1: Summary of Significant Accounting Policies

#### Organization

TPA Network, Incorporated (TPAN) is an Illinois not-for-profit corporation incorporated in February 1988 and is recognized as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. The mission of TPAN is saving lives and empowering people affected by HIV/AIDS and related conditions. TPAN envisions a world positively aware of HIV/AIDS and related conditions.

#### Description of Program Services

##### Mental Health Services/Behavioral Health:

**Mental Health Services** address gaps in care for HIV-positive adults and those at risk through individual and group counseling with licensed mental health professionals. TPAN also offers psychiatric services and medication management. TPAN's mental health services are provided free of charge.

##### Therapeutic Groups:

**Art Therapy** is a studio art group that allows participants to explore their creativity in a supportive setting. The program is available to HIV-positive individuals aged 18 and up. Co-facilitated by a licensed therapist and a visual artist.

**Flourish** is an ongoing group for long-term HIV survivors aged 45 and up. Flourish members meet weekly to share stories of resilience and triumph in tackling the challenges of aging, care-taking, and the ever-changing landscape of healthcare.

**Positively Aging** is TPAN's initiative to deliver innovative and compassionate care to older adults aged 50 and older who are living with HIV - whether newly diagnosed or long-term survivors. Though the first programmatic collaboration with the ReUnion Project, a nationally recognized coalition of leading HIV advocates and long-term survivors, TPAN works to address individuals' unique HIV-related health and psycho-social needs and concerns. They also share selected stories related to the experiences of older adults living with HIV through Positively Aware, our well respected, national publication that has been among the most trusted source of HIV treatment and advocacy news for almost 30 years.

**Reclaiming Me** is a closed support group for gay-identifying men aged 25 and up who are current and/or recovering crystal meth users. Reclaiming Me supports harm reduction and personal goal setting, including total sobriety or reduced use.

##### Substance Abuse Services:

**EPIC (Empowering Positive Innovative Change)** is a group intervention to reduce substance abuse; increase knowledge of HIV, hepatitis B, and hepatitis C; and provide better access to primary care for HIV and hepatitis. The target population of the EPIC program includes black, same-gender-loving men or men who have sex with men (MSM) aged 18-29 and all MSM aged 30 and over.

# TPA Network, Incorporated

## Notes to Financial Statements

---

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Description of Program Services (Continued)

**HOPE** (Healthy Outcomes Through Prevention and Education) is TPAN's newest program for young adults aged 18-24. Clients take part in discussions on important health and wellness-related topics, such as spirituality, dealing with stress, mental health, and HIV. The target population of HOPPE includes African-American same-gender-loving men or MSM and heterosexual/bisexual African American cisgender women.

**KEEPIN' IT EPIC!** is a monthly support group exclusively for individuals who have graduated from the EPIC program. The group provides a space for graduates to continue conversations and relationships that were made in the EPIC program.

**Recovery Programs** hosted at TPAN include Alcoholics Anonymous and Narcotics Anonymous meetings for anyone, regardless of HIV-status.

#### Client Advocacy:

**Case Management Services** encourage clients to collaborate with their case managers on the provision of service plans that address health goals. Case Managers assist with applying for benefits, accessing emergency funds, identifying medical and social service needs, and facilitating appropriate referrals.

**Housing Navigation** services, in conjunction with the AIDS Foundation of Chicago, helps individuals living with HIV/AIDS to find and maintain safe, stable, and affordable residency. The housing specialist assists with housing applicants and re-applications, and works to create goal-driven plans to remain housed.

**Retention Services** reengage clients who have fallen out of care or are newly diagnosed with appropriate programs and services, including medical care.

**The Tea Room**, TPAN's drop-in youth center, is a safe space open to young adults to congregate, gain access to vital resources, and build a community with peers.

#### Education and Information:

Published by TPAN since 1989, **Positively Aware** (PA) is the nation's leading not-for-profit publication serving the HIV community. Published bi-monthly, PA's mission is to be a trusted community resource for accurate, unbiased, up-to-date treatment information and related news for people living with HIV/AIDS and their advocates. Positively Aware is available as a digital edition at [positivelyaware.com](http://positivelyaware.com)

# TPA Network, Incorporated

## Notes to Financial Statements

---

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Description of Program Services (Continued)

**TEAM (Treatment Education Adherence Management)** is a peer-led HIV treatment education program that provides the support necessary for clients to stay adherent to a medical program of care. The TEAM curriculum is 10-hours, offered over the course of three days.

**Committed to Living** is a lunch and learn program that helps people live their best life with HIV.

**Committed to Caring** is a lunch and learn program for HIV service providers to help improve their work with clients living with HIV.

#### Anti-stigma work in the community:

**A Day with HIV** is a 24-hour period in September during which hundreds of people across the world capture a moment of their day and share their story using the hashtag #adaywithhiv on social media. Select photos from the campaign are featured in the November and December issue of Positively Aware.

The TPAN Ride for Life Chicago (**The Ride**) raises awareness and funds to help provide care and services to people affected by HIV. As a two-day, multi-state cycling and fundraising event, the Ride engages volunteers and advocates to share TPAN's mission and story in their outreach and solicitation for support.

**Dining Out for Life Chicago** is TPAN's exclusively-licensed event produced in concert with International Dining Out for Life. Chicago operates with dozens of dining establishments and invites volunteer ambassadors, hosts, and thousands of dining patrons across Chicago to raise visibility and funds for TPAN's HIV-focused care and services.

**The Reunion Project** is a collective of long-term HIV survivors that conducts HIV community education and awareness programs in cities across the country.

#### Prevention Services:

**HIV and HCV Testing and Counseling** encompasses rapid testing services; post-test counseling; risk-reduction and PREP education; and referrals to care, condom distribution, and outreach throughout the city's northside via a mobile unit.

**HART (Health Access Resources Team)** provides safe and legal harm reduction-based syringe exchange and distribution of safer injection materials.

**Lifeline** allows participants to learn and master HIV risk-reducing behaviors via one-to-one or couples counseling and gives referrals to quality healthcare.

**Mr. Sexx** is an outreach/educational counseling program at Steamworks, which disseminates information about HIV treatment education, safe sex practices, high-risk behavior, chemical dependency, and more.

# TPA Network, Incorporated

## Notes to Financial Statements

---

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

#### Basis of Presentation

TPAN is required to report information regarding its net assets and revenue, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, TPAN's net assets are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions may be designated for specific purposes by the board of directors.
- *Net Assets With Donor Restrictions* - Net assets subject to donor-or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are reclassified when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Contributions and Unconditional Promises to Give

Contributions are recognized as revenue when they are received or unconditionally promised. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is when a stipulated time restriction expires or the 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 as net assets released from restrictions.

Unconditional promises to give are recognized as assets and as revenue in the period promised. Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

# TPA Network, Incorporated

## Notes to Financial Statements

---

### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Contributions and Unconditional Promises to Give** (Continued)

Grants are recorded either as contributions or exchange transactions based on criteria contained in the grant award.

- *Grant Awards That Are Contributions* - Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as unearned government grants.
- *Grant Awards That Are Exchange Transactions* - Exchange transactions typically reimburse based on a predetermined rate for services performed. Revenue is recognized in the period the service is performed.

Gifts of property and equipment are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, TPAN reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### **Government Contributions**

Support funded by government contracts, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services is met. Revenue is therefore recognized as earned as the eligible expenses are incurred. These expenditures are subject to audit and acceptance by the granting organization and, as a result of such audit, adjustments could be required.

#### **Advertisement Income**

TPAN recognizes revenue from advertising income as the services are provided to customers.

#### **Accounts Receivable**

TPAN considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. Management evaluates the customer attributes and will provide an allowance if it is necessary.

#### **Property and Equipment**

Property and equipment are carried at cost or at estimated value on the date of donation. All purchases in excess of \$5,000 are capitalized, while lesser amounts are charged to expense. Depreciation on property and equipment is computed over their estimated useful lives, which ranges from five to seven years. Gains and losses from the sale of property and equipment are included in income. Maintenance and repairs are charged to operations.

# TPA Network, Incorporated

## Notes to Financial Statements

---

### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Deferred Rent**

TPAN recognizes rent expense on the straight-line method over the life of its office space. The cumulative excess of the amounts expensed over the payments under the lease is recorded as a deferred rent. Deferred rent as of September 30, 2019 and 2018, was \$90,254 and \$90,865 respectively.

#### **Functional Allocation of Expenses**

The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function based on time and effort. TPAN charges direct program expenses directly to each program. TPAN uses a salary allocation based on time and effort to allocate all shared costs to program, management and general, or fundraising.

#### **Income Taxes**

TPAN is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code except as to unrelated business income. TPAN qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

As required by uncertain tax position guidance, TPAN recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. TPAN applied the uncertain tax position guidance to all tax positions for which the statute of limitations remained open and determined there were no material unrecognized tax benefits.

For the years ended September 30, 2019 and 2018, the organization did not generate tax related to unrelated business income. TPAN also recognized unrelated business income tax refunds of \$24,962 and \$85,313 during the years ended September 30, 2019 and 2018, respectively, related to amended Form 990-T's filed for previous years.

#### **Contributed Services**

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the current period, no donated services met these criteria. There were, however, a substantial number of volunteers who donated their time towards the activities of TPAN, the value of which was not required to be disclosed in the financial statements.



# TPA Network, Incorporated

## Notes to Financial Statements

---

### Note 1: Summary of Significant Accounting Policies (Continued)

#### Change in Accounting Policy

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. TPAN has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

#### Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry-specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. TPAN is currently evaluating the impact of the provisions of ASC 606.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. When this standard is adopted, the primary accounting change will require lessees to recognize right of use assets and lease obligations for most operating leases, as well as finance leases. This new standard is effective for financial statements issued for annual periods beginning after December 15, 2020. TPAN is evaluating what impact this new standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as a resource recipient, and for interim periods within fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in this update is permitted. TPA Network, Incorporated is still evaluating the impact of the provisions of ASU Topic 958.

#### Subsequent Events

Management has evaluated subsequent events through February 27, 2020, the date the financial statements were available to be issued.

# TPA Network, Incorporated

## Notes to Financial Statements

### Note 2: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>As of September 30,</i>	2019	2018
Cash	\$ 588,139	\$ 948,485
Certificates of deposit	414,180	402,547
Grants and contributions receivable	330,875	296,794
Accounts receivable	94,748	67,350
<b>Total financial assets</b>	<b>1,427,942</b>	<b>1,715,176</b>
<b>Less: Donor restricted - Time or purpose</b>	<b>(281,013)</b>	<b>(361,845)</b>
<b>Financial assets available to meet general expenditures within one year</b>	<b>\$ 1,146,929</b>	<b>\$ 1,353,331</b>

TPAN does not have a formal liquidity policy, but generally strives to maintain liquid financial assets sufficient to cover operating expenses for government grants.

### Note 3: Concentration of Credit Risk

TPAN maintains cash balances at financial institutions in Chicago, Illinois and Cincinnati, Ohio. Accounts in the financial institutions are fully insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per company per financial institution. Management has assessed the creditworthiness of the financial institutions and feels there is not a significant risk of loss.

### Note 4: Concentration of Market Risk

During the year ended September 30, 2019, TPAN received approximately 45% of its funding from various government agencies, 16% from net advertising revenue, 11% from the Ride for AIDS, and the remaining 28% from various sources, primarily corporations and foundations. Following is a breakdown by government funding agency of TPAN's revenue for the year ended September 30, 2019, and the contributions receivable at September 30, 2019:

	% of Total Revenue	% of Government Receivable
U.S. Department of Health and Human Services	21 %	34 %
Chicago Department of Public Health	10 %	6 %
AIDS Foundation of Chicago (pass through government funds)	14 %	60 %
<b>Total</b>	<b>45 %</b>	<b>100 %</b>

# TPA Network, Incorporated

## Notes to Financial Statements

### Note 4: Concentration of Market Risk (Continued)

During the year ended September 30, 2018, TPAN received approximately 43% of its funding from various government agencies, 17% from net advertising revenue, 10% from the Ride for AIDS, and the remaining 30% from various sources, primarily corporations and foundations. Following is a breakdown by government funding agency of TPAN's revenue for the year ended September 30, 2018, and the contributions receivable at September 30, 2018:

	% of Total Revenue	% of Government Receivable
U.S. Department of Health and Human Services	22 %	17 %
Chicago Department of Public Health	11 %	18 %
AIDS Foundation of Chicago (pass through government funds)	10 %	65 %
<b>Total</b>	<b>43 %</b>	<b>100 %</b>

### Note 5: Computer Software

Computer software is amortized using the straight-line method over 5 years. Amortization expense was \$0 and \$17,597 for the years ended September 30, 2019 and 2018, respectively. Software consists of the following as of September 30:

	2019	2018
Cost	\$ 141,597	\$ 141,597
Less: Accumulated amortization	(141,597)	(141,597)
<b>Net software</b>	<b>\$ -</b>	<b>\$ -</b>

### Note 6: Website

TPAN's website is amortized using the straight-line method over 5 years. Amortization expense was \$6,740 and \$6,739 for the years ended September 30, 2019 and 2018, respectively. The website consists of the following:

	2019	2018
Cost	\$ 33,694	\$ 33,694
Less: Accumulated amortization	(19,213)	(12,473)
<b>Net website</b>	<b>\$ 14,481</b>	<b>\$ 21,221</b>

# TPA Network, Incorporated

## Notes to Financial Statements

### Website (Continued)

Future amortization expense as of September 30, 2019 was as follows:

<i>Year Ending September 30,</i>	Amount
2020	\$ 6,739
2021	6,739
2022	1,003
<b>Total</b>	<b>\$ 14,481</b>

### Note 7: Employee Benefit Plan

TPAN has a 401(k) plan which covers substantially all full-time employees. TPAN's contribution is equal to the participant's deferral up to a maximum of 3% of salary. Employees are eligible to participate after three months of service and vest upon completion of three years of service. TPAN contributed \$38,333 and \$41,380 for the years ended September 30, 2019 and 2018, respectively.

### Note 8: Conditional Promises to Give

TPAN has received the following conditional promises to give that are not recognized as assets in the statement of financial position as of September 30:

Conditional promise to give upon expenditure of funds	Term	Amount	Earned as of September 30, 2019	Remaining Funding Available
AIDS Foundation of Chicago				
Ryan White Part A - Medical Case Management	3/1/19-2/28/20	\$ 169,804	\$ 115,764	\$ 54,040
Ryan White Part B - Case Management	4/1/19-3/31/20	56,247	32,454	23,793
Ryan White Part B - Peer Navigation	4/1/19-3/31/20	16,000	11,700	4,300
Ryan White Part B - Retention	4/1/19-3/31/20	56,260	21,409	34,851
<b>Total</b>		<b>\$ 298,311</b>	<b>\$ 181,327</b>	<b>\$ 116,984</b>

# TPA Network, Incorporated

## Notes to Financial Statements

### Note 8: Conditional Promises to Give (Continued)

Conditional promise to give upon expenditure of funds	Term	Amount	Earned as of September 30, 2018	Remaining Funding Available
Chicago Department of Public Health Prevention	1/1/18-12/31/18	\$ 177,894	\$ 128,987	\$ 48,907
Ryan White	3/1/18-2/29/19	142,703	87,504	55,199
Chicago Department of Public Health Ryan White Part A - Non Medical Case Management	3/1/18-2/29/19	56,172	23,846	32,326
Ryan White Part A - Medical Case Management	3/1/18-2/29/19	185,108	105,932	79,176
Ryan White Part B - Case Management	4/1/18-3/31/19	55,246	33,876	21,370
Ryan White Part B - Peer Navigation	4/1/18-3/31/19	16,000	16,000	-
Ryan White Part B - Retention	4/1/18-3/31/19	50,060	27,329	22,731
Ryan White Part B - Psychosocial support	4/1/18-3/31/19	5,000	-	5,000
Housing	1/1/18-12/31/18	103,912	73,977	29,935
<b>Total</b>		<b>\$ 792,095</b>	<b>\$ 497,451</b>	<b>\$ 294,644</b>

### Note 9: Net Revenues from Special Events

Net revenues from special events consist of the following:

<i>Years Ended September 30,</i>	2019	2018
Contributions, including sponsorship and auction	\$ 449,580	\$ 481,046
Less: Cost of direct benefits to donors	(19,996)	(22,676)
Less: Payments to community partners	(10,342)	(8,724)
<b>Net revenues from special events</b>	<b>\$ 419,242</b>	<b>\$ 449,646</b>

# TPA Network, Incorporated

## Notes to Financial Statements

### Note 10: Net Assets with Donor Restrictions

Net assets with donor restrictions, which have either purpose or time restrictions, consisted of the following:

<i>September 30,</i>	2019	2018
Purpose restricted:		
The Reunion Project	\$ 139,698	\$ 179,110
Education and Awareness	44,938	-
Mental Health	82,081	-
Prevention	-	15,115
Client Advocacy	6,792	25,000
Publications	-	102,620
Other Miscellaneous	7,504	-
Time restricted	-	40,000
<b>Total net assets with donor restrictions</b>	<b>\$ 281,013</b>	<b>\$ 361,845</b>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors. Net assets released from restrictions due to an event totaled \$424,165 and \$7,500, respectively, for the years ended September 30, 2019 and 2018. Net assets released from restrictions due to a passage of time totaled \$40,000 for the year ended September 30, 2019.

### Note 11: Lease Commitment

On June 6, 2017, TPAN entered into a new operating lease for facility space expiring June 5, 2025. TPAN is granted one five-year option to renew the lease, and the landlord can terminate the lease in the event of redevelopment of the building subject to conditions as of June 5, 2020. The Organization is responsible for their pro-rate share of real estate taxes, common area maintenance, management fees, and utilities. Rental expenses for this lease included in the statement of activities for the years ended September 30, 2019 and 2018, were \$172,177 and \$171,566, respectively.

Future minimum payments are as follows:

<i>Year Ending September 30:</i>	Amount
2020	\$ 176,482
2021	180,894
2022	185,416
2023	190,052
2024	194,803
Thereafter	198,054
<b>Total</b>	<b>\$ 1,125,701</b>

# TPA Network, Incorporated

## Notes to Financial Statements

---

### Note 12: Lessor Activity

On September 18, 2017, TPAN entered into a sublease agreement for facility space, a shared area, and utilities expiring June 5, 2021. This agreement is with a community partner who works alongside TPAN and operates a clinic out of the same office space. TPAN is charging this clinic the cost of using the space. For the years ended September 30, 2019 and 2018, TPAN recorded \$31,862 and \$22,695, respectively, of income related to this cost reimbursement.

Future minimum payments

<i>Year Ending September 30,</i>	<i>Amount</i>
2020	\$ 20,003
2021.	13,336
Total	\$ 33,339

## **Supplementary Information**

---



**TPA Network, Incorporated**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2019**

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Current Year Federal Expenditures
U.S. Department of Health and Human Services			
<i>Direct Programs:</i>			
Substance Abuse and Mental Health Services: Projects of Regional and National Significance:			
Health Outcomes through Prevention & Education (HOPE)	93.243	01 1H79SP021700-	\$ 238,394
Empowering Positive Innovative Change (EPIC)	93.243	1H79TI080639-01	514,247
<b>Subtotal CFDA 93.243</b>			<b>752,641</b>
<i>Pass-Through Programs:</i>			
AIDS Foundation of Chicago - Ryan White Part A	93.914		249,722
Chicago Department of Public Health - Ryan White Part A	93.914	102888	70,554
Chicago Department of Public Health - Ryan White Part A	93.914	73159	130,394
<b>Subtotal CFDA 93.914</b>			<b>450,670</b>
<i>Pass-Through Programs:</i>			
AIDS Foundation of Chicago - Ryan White Part B	93.917		125,599
<b>Total U.S. Department of Health and Human Services</b>			<b>1,328,910</b>
U.S. Department of Housing and Urban Development			
<i>Pass-Through Programs:</i>			
AIDS Foundation of Chicago - Housing Opportunities for Persons with AIDS	14.241		119,111
<b>Total U.S. Department of Housing and Urban Development</b>			<b>119,111</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,448,021</b>

See Independent Auditor's Report.

See Notes to Schedule of Expenditures of Federal Awards

# TPA Network, Incorporated

## Notes to Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2019

---

#### **Note 1: General**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of TPA Network, Incorporated under programs of the federal government for the year ended September 30, 2019. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of TPA Network, Incorporated, it is not intended to and does not present the financial position, changes in net assets, or cash flows of TPA Network, Incorporated.

#### **Note 2: Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

#### **Note 3: Indirect Cost Rate**

TPA Network, Incorporated negotiated an indirect cost rate with the US Department of Health and Human Services of 32.14% and is not utilizing the 10% de minimus cost rate.

#### **Note 4: Sub-Recipients**

TPA Network, Incorporated does not have any sub-recipients of federal or state awards.



## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors  
TPA Network, Incorporated  
Chicago, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of TPA Network, Incorporated (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TPA Network, Incorporated's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the TPA Network, Incorporated's internal control. Accordingly, we do not express an opinion on the effectiveness of TPA Network, Incorporated's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether TPA Network, Incorporated's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of TPA Network, Incorporated's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the TPA Network, Incorporated's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wipfli LLP*

Lincolnshire, Illinois  
February 27, 2020



## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance**

Board of Directors  
TPA Network, Incorporated  
Chicago, Illinois

### **Report on Compliance for Each Major Federal Program**

We have audited TPA Network, Incorporated's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019. TPA Network, Incorporated's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of TPA Network, Incorporated's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TPA Network, Incorporated's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on TPA Network, Incorporated's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, TPA Network, Incorporated complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

## Report on Internal Control Over Compliance

Management of TPA Network, Incorporated is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered TPA Network, Incorporated's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TPA Network, Incorporated's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Wipfli LLP*

Lincolnshire, Illinois  
February 27, 2020

# TPA Network, Incorporated

## Schedule of Findings and Questioned Costs

### Year Ended September 30, 2019

---

#### Section I - Summary of Auditor's Results

##### Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_ yes     x  no

Significant deficiency(ies) reported? \_\_\_ yes     x  no

Noncompliance material to financial statements noted? \_\_\_ yes     x  no

##### Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_ yes     x  no

Significant deficiency(ies) reported? \_\_\_ yes     x  no

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]? \_\_\_ yes     x  no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.243	Substance Abuse and Mental Health Services Projects

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$750,000
---------	-----------

Auditee qualified as low-risk auditee? Yes

**TPA Network, Incorporated**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended September 30, 2019**

---

**Section II - Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV – Prior Year Audit Findings**

None