

# TPA Network, Incorporated d/b/a TPAN

Financial Statements

Years ended September 30, 2018 and 2017





## **Independent Auditor's Report**

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

### **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, 2018 and 2017, 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, 2018 and 2017, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2019, 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*

Wipfli LLP  
Green Bay, Wisconsin

March 21, 2019

# TPA Network, Incorporated

## Statements of Financial Position

September 30, 2018 and 2017

	2018	2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 948,485	\$ 1,046,899
Certificates of deposit	402,547	-
Grants and contributions receivable	296,794	119,344
Accounts receivable	67,350	122,029
Prepaid expenses	42,723	51,073
<b>Total current assets</b>	<b>1,757,899</b>	<b>1,339,345</b>
<b>Property and Equipment</b>		
Furniture and office equipment	39,667	41,579
Vehicles	16,757	16,757
<b>Total property and equipment</b>	<b>56,424</b>	<b>58,336</b>
Less accumulated depreciation	(26,879)	(14,776)
<b>Net property and equipment</b>	<b>29,545</b>	<b>43,560</b>
<b>Other Assets</b>		
Software, net of accumulated amortization	-	17,957
Website, net of accumulated amortization	21,221	27,960
Security deposit	65,000	65,000
<b>Total other assets</b>	<b>86,221</b>	<b>110,917</b>
<b>Total Assets</b>	<b>\$ 1,873,665</b>	<b>\$ 1,493,822</b>

# TPA Network, Incorporated

## Statements of Financial Position

September 30, 2018 and 2017

	2018	2017
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 113,040	\$ 78,528
Accrued payroll expenses	26,812	36,375
Deferred rent	90,865	57,189
Accrued UBIT	-	3,549
Refundable advance	-	7,756
Total current liabilities	230,717	183,397
<b>Net Assets</b>		
Unrestricted	1,281,103	1,214,480
Temporarily restricted	361,845	95,945
Total net assets	1,642,948	1,310,425
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,873,665</b>	<b>\$ 1,493,822</b>

See accompanying notes to financial statements.

**TPA Network, Incorporated**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended September 30, 2018 and 2017**

	2018		
	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue:</b>			
Government grants	\$ 1,652,091	\$ -	\$ 1,652,091
Contributions	719,634	273,400	993,034
Special event 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 services	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>			
Loss on disposal	(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**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended September 30, 2018 and 2017**

	2017		
	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue:</b>			
Government grants	\$ 1,151,857	\$ -	\$ 1,151,857
Contributions	549,322	95,945	645,267
Special events revenue, net of direct benefit donor expenses	470,406	-	470,406
Advertisement income	775,388	-	775,388
Interest income	319	-	319
Other income	813	-	813
Net assets released from restrictions	200,317	(200,317)	-
<b>Total support and revenue</b>	<b>3,148,422</b>	<b>(104,372)</b>	<b>3,044,050</b>
<b>Expenses:</b>			
Program	1,944,146	-	1,944,146
Management and general	467,434	-	467,434
Fundraising	486,897	-	486,897
<b>Total expenses</b>	<b>2,898,477</b>	<b>-</b>	<b>2,898,477</b>
<b>Other Income (Expense)</b>			
Lease termination expense	(9,756)	-	(9,756)
<b>Change in net assets</b>	<b>240,189</b>	<b>(104,372)</b>	<b>135,817</b>
<b>Net assets - beginning of year</b>	<b>974,291</b>	<b>200,317</b>	<b>1,174,608</b>
<b>Net assets - end of year</b>	<b>\$ 1,214,480</b>	<b>\$ 95,945</b>	<b>\$ 1,310,425</b>

See accompanying notes to financial statements.

**TPA Network, Incorporated**  
**Statements of Functional Expenses**  
**For the Years Ended September 30, 2018 and 2017**

	2018			
	Supporting Services			Total
	Program	Management and General	Fundraising	
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	-	-	113,564	113,564
Unrelated business income taxes	(3,549)	-	-	(3,549)
Depreciation and amortization	24,118	12,527	1,685	38,330
<b>Total</b>	<b>\$ 2,540,570</b>	<b>\$ 496,670</b>	<b>\$ 490,924</b>	<b>\$ 3,528,164</b>

See accompanying notes to financial statements.



**TPA Network, Incorporated**  
**Statements of Functional Expenses**  
**For the Years Ended September 30, 2018 and 2017**

	2017				
		Supporting Services			Total
		Program	Management and General	Fundraising	
Salaries and wages	\$ 970,642	\$ 246,900	\$ 215,949	\$ 1,433,491	
Employee benefits and taxes	217,495	54,978	48,250	320,723	
Professional fees	120,562	42,678	5,102	168,342	
Specific assistance to individuals	11,327	-	-	11,327	
Retreats and events	12,914	-	-	12,914	
Occupancy	138,080	70,636	29,582	238,298	
Insurance	-	12,772	-	12,772	
Telephone	9,635	2,365	2,617	14,617	
Rental and maintenance of equipment	9,476	3,299	2,037	14,812	
Computer and software	35,460	2,517	10,382	48,359	
Supplies	42,120	9,473	3,086	54,679	
Advertising and public relations	4,134	1,670	2,864	8,668	
Printing and publications	201,519	-	2,556	204,075	
Postage and shipping	63,876	272	1,022	65,170	
Meetings and travel	64,703	8,401	3,562	76,666	
Staff development	2,529	919	381	3,829	
Dues and subscriptions	353	500	904	1,757	
Fees	1,425	6,559	28,427	36,411	
Special events expenses	515	-	111,849	112,364	
Interest	-	410	-	410	
Unrelated business income taxes	3,564	-	-	3,564	
Depreciation and amortization	33,817	3,085	18,327	55,229	
<b>Total</b>	<b>\$ 1,944,146</b>	<b>\$ 467,434</b>	<b>\$ 486,897</b>	<b>\$ 2,898,477</b>	

See accompanying notes to financial statements.

**TPA Network, Incorporated**  
**Statements of Cash Flows**  
For the Years Ended September 30, 2018 and 2017

	2018	2017
<b>Cash flows from operating activities:</b>		
Governmental contributions	\$ 1,521,900	\$ 1,102,143
Contributions	956,924	716,149
Net revenue from special events	438,496	466,556
Advertisement income	710,224	765,222
Interest income	2,744	319
Other income	108,108	814
Payments for interest	-	(410)
Payments for taxes	(3,549)	52,902
Payments for operating expenses	(3,430,714)	(2,732,089)
<b>Net cash from operating activities</b>	<b>304,133</b>	<b>371,606</b>
<b>Cash flows from investing activities:</b>		
Reimbursement for abandonment leasehold improvements	-	67,398
Purchase of property and equipment	-	(59,765)
<b>Net cash from investing activities</b>	<b>-</b>	<b>7,633</b>
<b>Cash flows from financing activities:</b>		
Increase in deposits	-	(44,671)
Increase in certificates of deposit	(402,547)	-
Repayment of note payable	-	(14,958)
<b>Net cash from financing activities</b>	<b>(402,547)</b>	<b>(59,629)</b>
<b>Net change in cash</b>	<b>(98,414)</b>	<b>319,610</b>
<b>Cash, beginning of year</b>	<b>1,046,899</b>	<b>727,289</b>
<b>Cash, end of year</b>	<b>\$ 948,485</b>	<b>\$ 1,046,899</b>

See accompanying notes to financial statements.

**TPA Network, Incorporated**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended September 30, 2018 and 2017**

	2018	2017
<b>Reconciliation of changed in net assets to net cash from operating activities:</b>		
Changes in net assets	\$ 332,523	\$ 135,817
Adjustments to reconcile change in net assets to net cash from operating activities:		
Loss on abandonment of leasehold improvements	-	9,756
Loss on disposal of property and equipment	381	-
Depreciation and amortization	38,330	55,229
Changes in operating assets and liabilities:		
Grants and contributions receivable	(122,771)	106,220
Prepaid expenses	8,350	68,936
Accounts payable	24,949	30,396
Accrued expenses	(3,549)	5,613
Deferred rent	33,676	57,189
Refundable advance from government funding	(7,756)	(97,550)
<b>Net cash from operating activities</b>	<b>\$ 304,133</b>	<b>\$ 371,606</b>

See accompanying notes to financial statements.

# TPA Network, Incorporated

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Organization

TPA Network, Incorporated ("the Organization") 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 TPA Network, Incorporated ("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 18 and up. Co-facilitated by a licensed therapist and a visual artist.

**CHAT (Choosing Health Alternatives Today)** is an open group that provides a safe space for individuals who may be vulnerable to HIV infection to be supported and heard around their lived experiences. All 18+ individuals are welcome to attend.

**Flourish** is an ongoing group for long-term HIV survivors, 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.

**Her Voice** is an open weekly support group for HIV-positive female-identified individuals, ages 18 and up. Group members process issues including identity, family/life balance, status disclosure, stigma, and relationships.

**Reclaiming Me** is closed support group for gay-identifying men, ages 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.

**THRIVE** is a weekly open process group open to all HIV-positive young men who have sex with men, ages 18-29. THRIVE provides a safe space to process one's HIV status, emotional and mental health relationships, identity, and personal growth. The group also provides fun activities and cultural outings once a quarter.

# TPA Network, Incorporated

## Notes to Financial Statements

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

#### Description of Program Services (Continued)

##### 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 is black men who have sex with men (MSM), ages 18-29, and all MSM age 30 and over.

**HOTTER (Healthy Outcomes Through Treatment and Recovery)** focuses on mental health issues and substance use for 18-29 young Black men in LGBT community. The program includes a holistic health intervention that touches upon issues such as stigma, anxiety, depression, trauma, relationships, spirituality, and alcohol and drug use.

**KEEPIN' IT HOTT!** is a monthly support group exclusively for individuals who have graduated from the HOTTER program. The group provides a space for graduates to continue conversations and relationships that were built at the HOTTER retreat.

**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. Our housing specialist assists with housing applicants and re-applications, and works with you 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.

##### Education and Information:

Published by TPAN since 1989, **Positively Aware** is the nation's leading not-for-profit publication serving the HIV community. Published bi-monthly, PA's mission is 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)

**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.

# TPA Network, Incorporated

## Notes to Financial Statements

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

#### Description of Program Services (Continued)

**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-health professionals 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 our hashtag #adaywithhiv on social media. Select photos from the campaign are featured in the November and December issue of Positively Aware.

**The Ride for AIDS Chicago** is a two-day, 200 mile (with a 100 mile option) cycling event produced by TPAN. The RIDE raises vital funds for those living with or at risk for HIV and engages the community in the ongoing battle against shame and stigma. [www.rideforaidschicago.org](http://www.rideforaidschicago.org).

**The Reunion Project** is a collective of long-term HIV survivors that conducts HIV community education and awareness programs 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 referrals to quality healthcare.

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

#### **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").

# TPA Network, Incorporated

## Notes to Financial Statements

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

#### Basis of Presentation

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

- *Unrestricted Net Assets* - Net assets that are neither temporarily nor permanently restricted by donor-imposed stipulations. Board designations, which are voluntary board-approved segregations of net assets for specific purposes, projects, or investments, are also a part of unrestricted net assets.
- *Temporarily Restricted Net Assets* - Net assets that result from contributions whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- *Permanently Restricted Net Assets* - Net assets resulting from contributions whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled and removed by actions of the Organization.

The Organization has no permanently restricted net assets.

#### 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 unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions. 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.

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

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

# TPA Network, Incorporated

## Notes to Financial Statements

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

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

- *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, the Organization 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 condition of 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**

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

#### **Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

#### **Accounts Receivable**

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



# TPA Network, Incorporated

## Notes to Financial Statements

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

#### **Property & Equipment**

Property and equipment are carried at cost or at estimated value on 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.

#### **Deferred Lease Obligation**

The Organization 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 lease obligation. Deferred Lease Obligation as of September 30, 2018 and 2017 was \$90,865 and \$57,189 respectively.

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

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services based on estimates made by management after evaluating the benefit received.

#### **Income Taxes**

The Organization 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. The Organization 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, the Organization 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. The Organization 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.

Income tax (benefit) on unrelated business income was \$(3,549) and \$3,564 for the years ended September 30, 2018 and 2017. The Organization also received an unrelated business income tax refund of \$85,313 during the year ended September 30, 2018 related to amended Form 990-T's filed for previous years.

# TPA Network, Incorporated

## Notes to Financial Statements

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

#### 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 the Organization, the value of which was not required to be disclosed in the financial statements.

#### Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 606, *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. The Organization is currently evaluating the impact of the provisions of ASC 606.

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities ("Update")*. The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofit organizations to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning at December 15, 2018. Early application of the amendments in this Update is permitted. The Foundation is currently in the process of determining the impact of the new standard, and has not elected to early implement the amendments.

On June 21, 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, 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 March 21, 2019, the date the financial statements were available to be issued.

# TPA Network, Incorporated

## Notes to Financial Statements

### Note 2: Computer Software

Computer Software is being amortized using straight-line method over 5 years. Amortization expense was \$17,597 and \$28,319 for the years ended September 30, 2018 and 2017, respectively. Software consists of the following as of September 30:

	2018	2017
Cost	\$ 141,597	\$ 141,597
Accumulated amortization	(141,597)	(123,640)
<b>Net Software</b>	<b>\$ -</b>	<b>\$ 17,957</b>

### Note 3: Website

Website is being amortized using straight-line method over 5 years. Amortization expense was \$6,739 and \$2,630 for the years ended September 30, 2018 and 2017, respectively. Website consists of the following:

	2018	2017
Cost	\$ 33,694	\$ 33,694
Accumulated Amortization	(12,473)	(5,734)
<b>Net Website</b>	<b>\$ 21,221</b>	<b>\$ 27,960</b>

Future amortization expense as of September 30, 2018 was as follows:

<i>September 30,</i>	Amount
2019	\$ 6,739
2020	6,739
2021	6,739
2022	1,004
<b>Total</b>	<b>\$ 21,221</b>

### Note 4: Employee Benefit Plan

The Organization has a 401(k) plan which covers substantially all full-time employees. The Organization'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. The Organization contributed \$41,380 and \$40,934 for the years ended September 30, 2018 and 2017, respectively.

# TPA Network, Incorporated

## Notes to Financial Statements

### Note 5: Conditional Promises to Give

The Organization 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, 2018	Remaining Funding Available
<b>Chicago Department of Public Health</b>				
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
<b>AIDS Foundation of Chicago</b>				
Ryan White Part A - Non Medical Case Management	3/1/18-2/28/19	56,172	23,846	32,326
Ryan White Part A - Medical Case Management	3/1/18-2/28/19	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>

Conditional promise to give upon expenditure of funds	Term	Amount	Earned as of September 30, 2017	Remaining Funding Available
<b>Chicago Department of Public Health</b>				
Prevention	1/1/17-12/31/17	\$ 172,000	\$ 106,192	\$ 65,808
Ryan White	3/1/17-2/29/18	142,703	82,286	60,417
<b>Chicago Department of Public Health</b>				
Ryan White Part A - Non Medical Case Management	4/1/17-3/31/18	115,399	63,988	51,411
Ryan White Part B - Case	4/1/17-3/31/18	55,146	27,358	27,788
Ryan White Part B - Retention	4/1/17 - 3/31/18	44,588	18,426	26,162
Ryan White Part B - Psychosocial	4/1/17-3/31/18	5,000	1,850	3,150
Housing	1/1/17-12/31/17	54,373	36,117	18,256
<b>Total</b>		<b>\$ 589,209</b>	<b>\$ 336,217</b>	<b>\$ 252,992</b>

# TPA Network, Incorporated

## Notes to Financial Statements

### Note 6: Net Revenues from Special Events

Net revenues from special events consist of the following:

<i>Year Ended September 30,</i>	2018	2017
Contributions, including sponsorship and auction	\$ 481,046	\$ 636,150
Less: Cost of direct benefits to donors	(22,676)	(125,967)
Less: Payments to community partners	(8,724)	(39,777)
<b>Net revenues from special events</b>	<b>\$ 449,646</b>	<b>\$ 470,406</b>

### Note 7: Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at September 30, 2018:

	Contributions Receivable Due in 1 Year	Unexpended Funds Received for Restricted Purposes	Total
Bristol Meyers Squib	\$ -	\$ 88,445	\$ 88,445
Gilead Sciences	-	65,665	65,665
VIIV Healthcare	-	25,000	25,000
Lloyd A. Fry Foundation	40,000	25,000	65,000
The Gibbs Family Foundation	-	15,115	15,115
Gilead Sciences	-	102,620	102,620
<b>Total</b>	<b>\$ 40,000</b>	<b>\$ 321,845</b>	<b>\$ 361,845</b>

Temporarily restricted net assets consist of the following at October 31, 2017:

	Contributions Receivable Due in 1 Year	Unexpended Funds Received for Restricted Purposes	Total
Bristol Meyers Squib	\$ -	\$ 88,445	\$ 88,445
Merck	-	2,500	2,500
Theratechnologies, Inc.	-	5,000	5,000
<b>Total</b>	<b>\$ -</b>	<b>\$ 95,945</b>	<b>\$ 95,945</b>

# TPA Network, Incorporated

## Notes to Financial Statements

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### Note 8: Lease Commitment

The Organization was leasing an office space under a non-cancelable operating lease arrangement which had an expiration date of September 30, 2020. The Organization was responsible for additional rent to reimburse the landlord for its share of the utilities. Rental expenses for this lease included in the statement of activities for the years ended September 30, 2017 was \$128,421. This lease terminated simultaneously as the new lease, as described below, went into effect on the termination of the old lease.

On June 6, 2017, the Organization entered into a new operating lease for facility space expiring June 5, 2025. The Organization 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, 2018 and 2017 was \$171,566 and \$57,189, respectively.

Future minimum payments are as follows:

<i>Year Ended September 30:</i>	Amount
2019	\$ 172,233
2020	176,501
2021	180,904
2022	185,432
2023	190,087
Thereafter	392,880
Total	\$ 1,298,037

### Note 9: Lessor Activity

On September 18, 2017, the Organization 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 the Organization and operates a clinic out of the same office space. The Organization is charging this clinic the cost of using the space. For the year ended September 30, 2018, the Organization recorded \$22,695 of income related to this cost reimbursement.

### Note 10: Concentration of Market Risk

During the year ended September 30, 2018, the Organization 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 the Organization's revenue for the year ended September 30, 2018 and the contributions receivable at September 30, 2018:

# TPA Network, Incorporated

## Notes to Financial Statements

### Note 10: Concentration of Market Risk (Continued)

	% 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>

During the year ended September 30, 2017, the Organization received approximately 38% of its funding from various government agencies, 25% from net advertising revenue, 14% from the Ride for AIDS and the remaining 23% from various sources, primarily corporations and foundations. Following is a breakdown by government funding agency of the Organization's revenue for the year ended September 30, 2017 and the contributions receivable at September 30, 2017:

	% of Total Revenue	% of Government Receivable
U.S. Department of Health and Human Services	16 %	21 %
Chicago Department of Public Health	12 %	47 %
AIDS Foundation of Chicago (pass through government funds)	10 %	32 %
<b>Total</b>	<b>38 %</b>	<b>100 %</b>

### Note 11: Concentration of Credit Risk

TPA Network, Incorporated maintains cash balances at financial institutions in Bridgeview and Rosemont, Illinois. 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 institution and feels there is not a significant risk of loss.

### Note 12: Comparative Financial Statements

Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's presentation. Net assets and changes in net assets are unchanged due to these reclassifications.