

TPA Network, Incorporated d/b/a TPAN

Financial Statements

Years ended September 30, 2017 and 2016



TPA Network, Incorporated
d/b/a TPAN
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Independent Auditor's Report

To the Board of Directors
TPA Network, Incorporated
d/b/a TPAN
Chicago, IL

We have audited the accompanying financial statements of TPA Network, Incorporated d/b/a TPAN (a not-for-profit corporation), which comprise the statement of financial position as of September 30, 2017, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2017 financial statements referred to above present fairly, in all material respects, the financial position of TPA Network, Incorporated d/b/a TPAN as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of TPA Network, Incorporated d/b/a TPAN as of September 30, 2016, were audited by Kessler, Orlean, Silver & Company, P.C., who merged with Wipfli LLP as of January 1, 2018 and whose report dated March 25, 2017, expressed an unmodified opinion on those financial statements.

Respectfully submitted,

Wipfli LLPA handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

March 28, 2018
Deerfield, Illinois

TPA Network, Incorporated

d/b/a TPAN

Statements of Financial Position

September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash	\$ 1,046,899	\$ 727,289
Contributions Receivable	119,344	234,211
Advertisement Receivable	122,029	111,864
Other Receivable	-	1,518
Prepaid Expenses	51,073	120,009
	<u>1,339,345</u>	<u>1,194,891</u>
Property and Equipment		
Leasehold Improvements	-	161,216
Furniture and Equipment	41,579	1,912
Vehicle	16,757	16,757
	<u>58,336</u>	<u>179,885</u>
Total Property and Equipment	58,336	179,885
Less Accumulated Depreciation	<u>(14,776)</u>	<u>(79,561)</u>
Net Property and Equipment	<u>43,560</u>	<u>100,324</u>
Other Assets		
Software, Net of Accumulated Amortization	17,957	41,094
Website, Net of Accumulated Amortization	27,960	20,678
Security Deposit	65,000	20,329
	<u>110,917</u>	<u>82,101</u>
Total Other Assets	110,917	82,101
Total Assets	<u><u>\$ 1,493,822</u></u>	<u><u>\$ 1,377,316</u></u>

See accompanying notes to the financial statements.

TPA Network, Incorporated

d/b/a TPAN

Statements of Financial Position

September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Current Liabilities		
Accounts Payable	\$ 78,528	\$ 48,132
Accrued Payroll Expenses	36,375	34,312
Deferred Rent	57,189	-
Current Portion of Note Payable	-	14,958
Accrued UBIT	3,549	-
Refundable Advance	7,756	7,756
Refundable Advance From Government Funding	-	97,550
	<u>183,397</u>	<u>202,708</u>
Net Assets		
Unrestricted	1,214,480	974,291
Temporarily Restricted	95,945	200,317
	<u>1,310,425</u>	<u>1,174,608</u>
Total Liabilities and Net Assets	<u><u>\$ 1,493,822</u></u>	<u><u>\$ 1,377,316</u></u>

See accompanying notes to the financial statements.

TPA Network, Incorporated

d/b/a TPAN

Statements of Activities and Changes in Net Assets

For the Years Ended September 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue						
Governmental Contributions	\$ 1,151,857	\$ -	\$ 1,151,857	\$ 1,149,865	\$ -	\$ 1,149,865
Contributions	549,322	95,945	645,267	634,940	200,317	835,257
Special Events Revenue, Net of Direct Benefit Donor Expenses	470,406	-	470,406	496,313	-	496,313
Advertisement Income	775,388	-	775,388	750,493	-	750,493
Interest Income	319	-	319	226	-	226
Miscellaneous	813	-	813	2,602	-	2,602
Assets Released From Restrictions	200,317	(200,317)	-	12,362	(12,362)	-
Total Support and Revenue and Assets Released from Restrictions	3,148,422	(104,372)	3,044,050	3,046,801	187,955	3,234,756
Operating Expenses						
Program Services	1,944,146	-	1,944,146	1,959,196	-	1,959,196
Management and General	467,434	-	467,434	423,784	-	423,784
Fundraising	486,897	-	486,897	462,330	-	462,330
Total Expenses	2,898,477	-	2,898,477	2,845,311	-	2,845,311
Other Expenses						
Lease Termination Expense	(9,756)	-	(9,756)	-	-	-
Change in Net Assets	240,189	(104,372)	135,817	201,490	187,955	389,445
Net Assets at Beginning of Year	974,291	200,317	1,174,608	772,801	12,362	785,163
Net Assets at End of Year	\$ 1,214,480	\$ 95,945	\$ 1,310,425	\$ 974,291	\$ 200,317	\$ 1,174,608

See accompanying notes to the financial statements.

TPA Network, Incorporated

d/b/a TPAN

Statement of Functional Expenses

For the Year Ended September 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 970,642	\$ 246,900	\$ 215,949	\$ 1,433,491
Employee Benefits	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	33,817	3,085	18,327	55,229
Total	<u>\$ 1,944,146</u>	<u>\$ 467,434</u>	<u>\$ 486,897</u>	<u>\$ 2,898,477</u>

See accompanying notes to the financial statements.

TPA Network, Incorporated

d/b/a TPAN

Statement of Functional Expenses

For the Year Ended September 30, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 988,491	\$ 261,221	\$ 188,942	\$ 1,438,654
Employee Benefits	227,780	49,197	43,560	320,537
Professional Fees	108,493	31,946	29,970	170,409
Specific Assistance to Individuals	10,173	-	-	10,173
Retreats and Events	33,075	-	-	33,075
Occupancy	138,053	35,434	26,391	199,878
Insurance	4,946	7,497	833	13,276
Telephone	11,509	2,681	2,879	17,069
Rental and Maintenance of Equipment	8,779	2,123	1,700	12,602
Computer and Software	31,412	2,857	8,438	42,707
Supplies	48,167	7,961	2,138	58,265
Advertising and Public Relations	1,750	-	6,160	7,910
Printing and Publications	197,134	-	3,656	200,790
Postage and Shipping	58,095	221	1,204	59,519
Meetings and Travel	50,690	3,222	1,791	55,703
Staff Development	2,999	7,608	2,474	13,081
Dues and Subscriptions	-	1,518	179	1,697
Fees	135	4,251	29,585	33,972
Special Events Expenses	-	-	96,682	96,682
Interest	-	1,866	-	1,866
Depreciation	37,515	4,182	15,748	57,444
Total	<u>\$ 1,959,196</u>	<u>\$ 423,784</u>	<u>\$ 462,330</u>	<u>\$ 2,845,311</u>

See accompanying notes to the financial statements.

TPA Network, Incorporated

d/b/a TPAN

Statements of Cash Flows

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Governmental Contributions	\$ 1,102,143	\$ 1,218,120
Contributions	716,149	726,230
Net Revenue From Special Events	466,556	546,608
Advertisement Income	765,222	940,263
Interest Income	319	226
Miscellaneous	814	2,456
Payments for Interest	(410)	(1,866)
Payments for Taxes	52,902	(144,943)
Payments for Operating Expenses	(2,732,089)	(2,843,008)
	<u>371,606</u>	<u>444,084</u>
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities		
Reimbursement for Abandonment Leasehold Improvements	67,398	-
Purchase of Property and Equipment	(59,765)	(13,599)
	<u>7,633</u>	<u>(13,599)</u>
Net Cash Provided (Used) by Investing Activities		
Cash Flows from Financing Activities		
Increase in Deposits	(44,671)	-
Repayment of Note Payable	(14,958)	(20,614)
	<u>(59,629)</u>	<u>(20,614)</u>
Net Cash Used by Financing Activities		
Net Increase in Cash	319,610	409,871
Cash, Beginning of Year	<u>727,289</u>	<u>317,417</u>
Cash, End of Year	<u><u>\$ 1,046,899</u></u>	<u><u>\$ 727,289</u></u>

See accompanying notes to the financial statements.

TPA Network, Incorporated

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Statements of Cash Flows

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Net Assets	\$ 135,817	\$ 389,445
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Loss on Abandonment of Leasehold Improvements	9,756	-
Depreciation	25,346	57,444
Amortization	29,882	-
(Increase) Decrease in:		
Accounts Receivable	106,220	208,254
Prepaid Expenses	68,936	(69,909)
Other Receivable	-	(1,518)
Increase (Decrease) in:		
Accounts Payable	30,396	(22,932)
Accrued Payroll	2,063	7,578
Accrued Unrelated Business Income Tax	3,549	(86,276)
Deferred Rent	57,189	(27,500)
Refundable Advance from Government Funding	(97,550)	(10,502)
Net Cash Provided by Operating Activities	<u>\$ 371,604</u>	<u>\$ 444,084</u>

See accompanying notes to the financial statements.

TPA Network, Incorporated

d/b/a TPAN

Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

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 Those Affected by HIV/AIDS and Related Illnesses. TPAN envisions a World Positively Aware of HIV/AIDS and Related Illnesses.

Description of Program Services

Mental Health Services/Behavioral Health:

Mental Health Services address gaps in care HIV-positive adults and those at high-risk through individual and group counseling with a licensed mental health professional at no cost. TPAN also offers psychiatric services and medication management.

Therapeutic Groups:

Art Therapy is a studio art group that allow participants to explore their creativity in a supportive setting. Available to HIV-positive individuals 18 and up. Co-facilitated by a licensed therapist and a visual artist.

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.

HerVoice 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 a 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—be they total sobriety or reduced use.

THRIVE is a weekly open process group open to all HIV-positive young men who have sex with men (YMSM) between the ages of 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.

Substance Abuse Services:

HOTTER (Healthy Outcomes Through Treatment and Recovery) focuses on mental health issues and substance use for 18–29 young Black men in the 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.

TPA Network, Incorporated

d/b/a TPAN

Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

Description of Program Services (Continued)

Substance Abuse Services:

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.

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 to be the most trusted community resource for accurate, unbiased, up-to-date treatment information and related news for people living with HIV/AIDS and their advocates. In addition to the print publication, Positively Aware is available at positivelyaware.com and as a digital edition.

TEAM (Treatment Education Adherence Management) is a peer-led HIV treatment education program that provides the supports necessary 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-health professionals to help improve their work with clients living with HIV.

A Day with HIV captures in pictures over a single 24-hour period to illustrate the point that we all are affected by HIV and its stigma. Each year, on a day in September, 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.

TPA Network, Incorporated

d/b/a TPAN

Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

Description of Program Services (Continued)

The Ride for AIDS Chicago is a two-day, 200 mile (with a 100-mile option) cycling event produced by TPAN each July. The mission of the Ride is to be a catalyst for change in the HIV/AIDS community by raising vital funds for those living with or at risk for HIV while simultaneously fighting the shame and stigma. www.rideforaidschicago.org

The Reunion Project is comprised of full-day HIV community education and awareness programs in multiple cities in the U.S., centered on HIV's Long-Term Survivors.

Prevention Services:

HIV and HCV Testing and Counseling encompasses rapid testing services, post-test counseling, risk-reduction and PrEP education, and referrals, as well as condom distribution and outreach throughout the city's North side via a mobile unit.

HART (Health Access Resources Team) provides safe and legal harm reduction-based syringe exchange and distribution of safer injection materials. TPAN's HART Hours are the same as testing.

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 Organization prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("GAAP").

Use of Estimates

The preparation of financial statements in conformity 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.

Cash

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There Organization did not have any cash equivalents as of September 30, 2017 and 2016.

TPA Network, Incorporated

d/b/a TPAN

Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

Contributions and Advertisement Receivables

The Organization considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they are charged directly to operations when that determination is made. For the years ended September 30, 2017 and 2016, no receivables were charged-off.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Advertising income earned from the Organization's Positively Awareness publication is subject to unrelated business income tax for both federal and Illinois tax purposes. The Organization had an estimated refundable unrelated business income taxes of \$58,667 at September 30, 2016 and prepaid taxes of \$5,750 at September 30, 2017.

The federal and state informational tax returns of the Organization for tax years 2014, 2015, and 2016 can be subject to examinations by tax authorities, generally for three year after they were filed.

Property and 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.

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.

Support and Revenue

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

The Organization reports gifts of land, buildings, and equipment 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 or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the

TPA Network, Incorporated

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Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

Support and Revenue (Continued)

donated or acquired long-lived assets are placed in service. During the years ended September 30, 2017 and 2016, the Organization did not receive any donated property or equipment.

Donated 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.

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase donations by a like amount. For the year ended September 30, 2017 and 2016, the Organization received in-kind contributions valued at \$32,408 and \$38,388, respectively.

Fair Value Disclosures

The fair value of financial instruments including cash, contributions receivable, advertisement receivable, other receivable, prepaid expenses, accounts payable, accrued expenses and deferred revenue approximates the carrying value, principally because of the short maturity of those items. The fair value of loans payable approximates the carrying value, principally because of the maturity dates of the notes and the current terms applicable to each item.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefits.

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 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. The Organization is currently evaluating the impact of the provisions of ASC 606.

TPA Network, Incorporated

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Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Standards (Continued)

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 after December 15, 2018. Early application of the amendments in this Update is permitted. The Organization is currently in the process of determining the impact of the new standard, and has not elected to early implement the amendments.

Subsequent Events

Management has evaluated subsequent events through March 28, 2018, the date the financial statements were available to be issued.

Note 2 – Computer Software

Computer Software is being amortized using straight-line method over 5 years. Amortization expense was \$23,137 and \$28,319 for the years ended September 30, 2017 and 2016, respectively. Software consists of the following:

	<u>September 30,</u> <u>2017</u>	<u>September 30,</u> <u>2016</u>
Cost	\$ 141,597	\$ 141,597
Accumulated Amortization	<u>(123,640)</u>	<u>(100,503)</u>
Net Software	<u>\$ 17,957</u>	<u>\$ 41,094</u>

Future amortization expense as of September 30, 2017 was as follows:

<u>September 30,</u> <u>2018</u>	<u>Amount</u>
	\$ 17,957

TPA Network, Incorporated

d/b/a TPAN

Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

Note 3 – Website

Website is being amortized using straight-line method over 5 years. Amortization expense was \$6,745 and \$2,360 for the years ended September 30, 2017 and 2016, respectively. Website consists of the following:

	<u>September 30,</u> <u>2017</u>	<u>September 30,</u> <u>2016</u>
Cost	\$ 33,694	\$ 25,398
Accumulated Amortization	<u>(5,734)</u>	<u>(4,720)</u>
Net Website	<u>\$ 27,960</u>	<u>\$ 20,678</u>

Future amortization expense as of September 30, 2017 was as follows:

<u>September 30,</u>	<u>Amount</u>
2018	\$ 6,739
2019	6,739
2020	6,739
2021	6,739
2022	<u>1,004</u>
Total	<u>\$ 27,960</u>

Note 4 – Net Revenues from Special Events

Net revenues from special events consist of the following:

	<u>September 30,</u> <u>2017</u>	<u>September 30,</u> <u>2016</u>
Contributions, including sponsorship and auction	\$ 636,150	\$ 635,446
Less: Costs of direct benefits to donors	(94,784)	(58,890)
Less: Payments to Community Partners	(39,777)	(59,948)
Less: Donations In Kind	<u>(31,183)</u>	<u>(20,295)</u>
Net Revenues from Special Events	<u>\$ 470,406</u>	<u>\$ 496,313</u>

Note 5 – Refundable Advance

The Organization received funds in exchange for their agreement to provide specific services. At September 30, 2017 and 2016, \$7,756 and \$105,306 had not yet been earned, respectively.

TPA Network, Incorporated

d/b/a TPAN

Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

Note 6 – Note Payable

The Organization’s obligation under a note payable is as follows:

	2017	2016
Note payable - 7%, payable in monthly installments of \$1,873 including interest: final payment was due June 5, 2017. The loan is collateralized by substantially all of the Organization's assets.	\$ -	\$ 14,958
Less: current maturities	-	(14,958)
Long-Term Debt	\$ -	\$ -

Note 7 – 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, 2017:

Conditional Promises to Give Upon Expenditure of Funds	Term	Amount	Earned as of September 30, 2017	Remaining Funding Available
Chicago Department of Public Health				
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
AIDS Foundation of Chicago				
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
Total		\$ 589,209	\$ 336,217	\$ 252,992

TPA Network, Incorporated

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Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

Note 7 – Conditional Promises to Give (Continued)

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, 2016:

<u>Conditional Promises to Give Upon Expenditure of Funds</u>	<u>Term</u>	<u>Amount</u>	<u>Earned as of September 30, 2016</u>	<u>Remaining Funding Available</u>
Chicago Department of Public Health				
Prevention	1/1/16-12/31/16	\$ 172,000	\$ 128,941	\$ 43,059
Ryan White	3/1/16 - 2/29/17	135,557	86,122	49,435
AIDS Foundation of Chicago				
Ryan White Part A - Non Medical				
Case Management	4/1/16-2/28/17	99,002	57,622	41,380
Ryan White Part B - Case	4/1/16-3/31/17	57,549	31,940	25,609
Ryan White Part B - Retention	7/1/16-3/31/17	44,745	13,693	31,052
Ryan White Part B - Psychosocial	4/1/16-3/31/17	5,000	5,000	-
Housing	1/1/16-12/31/16	54,573	38,737	15,836
Total		<u>\$ 568,426</u>	<u>\$ 362,055</u>	<u>\$ 206,371</u>

Note 8 – Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at September 30, 2017:

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

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Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

Note 8 – Temporarily Restricted Net Assets (Continued)

Temporarily restricted net assets consisted of the following at September 30, 2016:

	Contributions Receivable Due in 1 Year	Unexpended Funds Received for Restricted Purposes	Total
Bristol Meyers Squibb	\$ -	\$ 78,730	\$ 78,730
J&J Services	-	13,223	13,223
Lloyd A. Fry Foundation	30,000	10,764	40,764
Gilead Sciences Inc	-	7,600	7,600
Janssen Therapeutics	25,000	5,000	30,000
Theratechnologies Inc.	-	5,000	5,000
AIDS Foundation of Chicago	10,000	-	10,000
The Gibbs Family Foundation	15,000	-	15,000
Totals	\$ 80,000	\$ 120,317	\$ 200,317

Note 9 – 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 \$40,934 and \$28,077 for the years ended September 30, 2017 and 2016, respectively.

Note 10 – Lease Commitments

The Organization was leasing an office space under a non-cancellable 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 expense for this lease included in the statement of activities for the years ended September 30, 2017 and 2016, was \$128,421 and \$194,172, respectively. This lease terminated simultaneously as the new lease, as described below, went into effect on the termination date of the old lease. The Organization has moved to the new space. As of June 6, 2017, the Organization entered into a new operating lease for facility space expiring April 1, 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 April 1, 2020. The organization is responsible for their pro-rata share of real estate taxes, common area maintenance, management fees, and utilities. Rental expense for this lease included in the statement of activities for the year ended September 30, 2017 was \$57,189.

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Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

Note 10 – Lease Commitments (Continued)

Future minimum payments are as follows:

<u>September 30,</u>	<u>Amount</u>
2018	\$ 137,946
2019	172,237
2020	176,543
2021	180,956
2022	185,480
Thereafter	<u>519,362</u>
Total	<u>\$ 1,372,524</u>

Note 11 – Concentration of Revenue

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:

	<u>% of Total Revenue</u>	<u>% of Government Receivable</u>
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)	<u>10%</u>	<u>32%</u>
Total	<u>38%</u>	<u>100%</u>

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Notes to Financial Statements

For the Years Ended September 30, 2017 and 2016

Note 11 – Concentration of Revenue (Continued)

During the year ended September 30, 2016, the Organization received approximately 38% of its funding from various government agencies, 14% from one fundraising event, and 23% from net advertising revenue. Following is a breakdown by government funding agency of the Organization's revenue for the year ended September 30, 2016 and the contributions receivable at September 30, 2016:

	<u>% of Total Revenue</u>	<u>% of Government Receivable</u>
U.S. Department of Health and Human Services	18%	16%
Chicago Department of Public Health	11%	60%
AIDS Foundation of Chicago (pass through government funds)	9%	24%
Total	<u>38%</u>	<u>100%</u>

Note 12 – Concentration of Credit Risk

From time to time, the Organization maintains cash balances at one financial institution in excess of the Federal Deposit Insurance Corporation (FDIC) limits. The uninsured balance totaled \$558,495 and \$298,580 as of September 30, 2017 and 2016, respectively.