NURSE-FAMILY PARTNERSHIP

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NURSE-FAMILY PARTNERSHIP

YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Nurse-Family Partnership
Denver, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Nurse-Family Partnership, which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, cash flows and functional expenses 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 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.

Auditors' 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 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 auditors' 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 Nurse-Family Partnership as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

GHP Horwath, P.C.

January 12, 2017

NURSE-FAMILY PARTNERSHIP

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2016 AND 2015
(In Thousands)

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,489	$ 4,409
Accounts receivable, net	1,578	1,109
Contributions receivable	601	443
Short-term investments	1,508	1,003
Prepaid expenses and other	343	215
Total current assets	10,519	7,179
Investments	1,620	1,509
Property and equipment, net	743	875
	2,363	2,384
Total assets	$ 12,882	$ 9,563
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,719	$ 1,278
Pass-through grants	1,716	-
Deferred revenue	2,530	1,989
Total current liabilities	5,965	3,267
Deferred rent	-	9
Total liabilities	5,965	3,276
Net assets:		
Temporarily restricted	1,512	1,524
Unrestricted	5,405	4,763
Total net assets	6,917	6,287
Total liabilities and net assets	$ 12,882	$ 9,563

NURSE-FAMILY PARTNERSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

	Unrestricted	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT			
Contributions	$ 5,796	$ 2,099	$ 7,895
Site revenues	8,151	-	8,151
Investment income	48	-	48
Net assets released from restrictions	2,111	(2,111)	-
Total revenues and other support	16,106	(12)	16,094
EXPENSES			
Program services	12,688	-	12,688
Supporting services:			
Management, general and administrative	2,017	-	2,017
Fundraising	759	-	759
Total expenses	15,464	-	15,464
CHANGE IN NET ASSETS	642	(12)	630
NET ASSETS, beginning of year	4,763	1,524	6,287
NET ASSETS, end of year	$ 5,405	$ 1,512	$ 6,917

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2015
(In Thousands)

	Unrestricted		Restricted		Totals	
REVENUES AND OTHER SUPPORT						
Contributions	$	4,666	$	2,252	$	6,918
Site revenues		7,537		-		7,537
Investment income		11		-		11
Net assets released from restrictions		2,169		(2,169)		-
Total revenues and other support		14,383		83		14,466
EXPENSES						
Program services		12,467		-		12,467
Supporting services:						
Management, general and administrative		1,815		-		1,815
Fundraising		725		-		725
Total expenses		15,007		-		15,007
CHANGE IN NET ASSETS		(624)		83		(541)
NET ASSETS, beginning of year		5,387		1,441		6,828
NET ASSETS, end of year	$	4,763	$	1,524	$	6,287

NURSE-FAMILY PARTNERSHIP

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2016 AND 2015
(In Thousands)

	2016	2015
Cash flows from operating acitivities:		
Increase (decrease) in net assets	$ 630	$ (541)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	331	437
Donation of investments and property and equipment	-	(118)
Change in provision for uncollectible accounts receivable	2	(4)
Change in unamortized discount on contributions receivable	-	(6)
Net realized and unrealized losses on investments	-	7
Changes in assets and liabilities:		
Accounts receivable	(471)	496
Contributions receivable	(158)	218
Prepaid expenses	(128)	(81)
Accounts payable and accrued expenses	441	61
Pass-through grant	1,716	-
Deferred revenue	532	(562)
Total adjustments	2,265	448
Net cash provided by (used in) operating activities	2,895	(93)
Cash flows from investing activities:		
Purchases of property and equipment	(199)	(262)
Purchases of investments	(1,607)	(1,505)
Proceeds from sales and maturities of investments	991	2,592
Net cash (used in) provided by investing activities	(815)	825
Net increase in cash and cash equivalents	2,080	732
Cash and cash equivalents, beginning	4,409	3,677
Cash and cash equivalents, ending	$ 6,489	$ 4,409

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2016
(In Thousands)

		Supporting services		
	Program services	Management, general and administrative	Fundraising	Total
Payroll and benefits	$ 7,597	$ 1,300	$ 588	$ 9,485
Consultants	1,366	52	31	1,449
Advertising and marketing	773	-	-	773
Outsourced program support	753	-	-	753
Travel	592	37	13	642
Telephone	444	88	25	557
Depreciation and amortization	256	57	18	331
Rent and occupancy	229	49	16	294
Printing and copying	152	4	5	161
Equipment and maintenance	134	22	11	167
Training and other events	101	10	20	131
Professional services	102	41	3	146
Dues and subscriptions	49	10	9	68
Postage and shipping	22	2	3	27
Office supplies and expenses	23	5	2	30
Legal	3	326	-	329
Other	92	14	15	121
Total expenses	$ 12,688	$ 2,017	$ 759	$ 15,464

NURSE-FAMILY PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2015
(In Thousands)

		Supporting services		
	Program services	Management, general and administrative	Fundraising	Total
Payroll and benefits	$ 7,831	$ 1,299	$ 530	$ 9,660
Consultants	1,130	84	25	1,239
Travel	917	73	9	999
Telephone	417	76	26	519
Outsourced program support	487	-	-	487
Depreciation and amortization	342	69	27	438
Training and other events	299	20	14	333
Rent and occupancy	242	48	19	309
Printing and copying	207	5	10	222
Equipment and maintenance	156	32	12	200
Professional services	144	48	4	196
Advertising and marketing	87	-	-	87
Dues and subscriptions	31	10	22	63
Postage and shipping	39	4	4	47
Office supplies and expenses	26	5	3	34
Other	112	42	20	174
Total expenses	$ 12,467	$ 1,815	$ 725	$ 15,007

See notes to financial statements.

1. Description of Organization and summary of significant accounting policies:

Nurse-Family Partnership (NFP) is a nonprofit, tax-exempt, 501(c)(3) corporation established in 2003. NFP's primary objective is to replicate and grow the Nurse-Family Partnership ® (NFP) program (the Program) which is delivered through implementing agencies throughout the United States. Implementing agencies are independent from NFP and implement the Program by contract.

The Program is an evidence-based, nurse-home-visitation program that serves low-income, first-time mothers and their children. These families face significant short-term and long-term risks to their health, personal development, and economic well-being. Through regular visits with NFP- trained, registered nurses, the Program is designed to assist mothers during their pregnancies and up to the first two years of their first child's life. The Program is designed to develop behaviors that yield better pregnancies and better parents, emotionally and physically healthier children, and greater economic self-sufficiency.

The Program is based upon intellectual property developed by Dr. David Olds, Director of the Prevention Research Center, University of Colorado. NFP has been granted the perpetual, exclusive and royalty-free right to use the intellectual property by the University of Colorado within the United States and for future international expansion. NFP also has the first right of refusal in the event the University of Colorado opts to sell the intellectual property. NFP earns fees for educational, consulting and program support services provided to the implementing agencies and certain states, and receives funding from private foundations, and governmental grants and other public support. There are no fees charged at any time to the enrolled families.

The accompanying financial statements include the accounts of NFP, and do not include the financial position or results of operations from any implementing agency or state.

Cash and cash equivalents:

NFP considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include demand deposit accounts, money market funds, certificates of deposit, and treasury bills. Accounts may exceed federally insured limits, however, these accounts are held by major financial institutions. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Investments:

Investments are reported at fair value based upon quoted market prices. The investments classified as short-term are scheduled to mature within one year or for which it is the intent of management to sell such investments within one year. The investments classified as long-term are scheduled to mature in a period beyond one year or have no scheduled maturity dates. Investment income and gains and losses are reported in the statements of activities as increases or decreases in unrestricted, temporarily restricted, or permanently restricted net assets based on the existence of donor imposed restrictions. Realized and unrealized gains and losses and interest income are included in the change in net assets. Donated investments are recorded as contributions at their estimated fair values on the donation dates and are sold upon receipt.

1. **Description of Organization and summary of significant accounting policies (continued):**

Fair value measurements:

NFP measures its financial assets and liabilities under accounting guidance which establishes a three-tier fair value hierarchy and prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. In determining fair value, NFP utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The determination of where assets and liabilities fall within this hierarchy is based upon the lowest level of input that is significant to the fair value measurement. There have been no changes in the methodologies used at September 30, 2016 and 2015.

Much of the information used to determine fair values is highly subjective and judgmental in nature; therefore, the results may not be precise. In addition, estimates of cash flows, risk characteristics, credit quality, and interest rates are all subject to change. Since the fair values are estimated as of the statement of financial position dates, the amounts which will actually be realized upon settlement or maturity of the various instruments could be significantly different than the estimates.

Property and equipment:

Property and equipment are stated at cost for purchased assets. Donations of property and equipment are recorded at estimated fair value at the donation date. Depreciation is computed over the estimated useful lives of the assets (4 - 7 years) using the straight-line method. All assets in excess of $2,000 and with a useful life greater than one year are capitalized. Leasehold improvements are depreciated over the shorter of the estimated useful life of the related asset or the lease term, without consideration of any lease renewal option. NFP capitalizes qualifying software development costs including clinical information system improvements, website enhancements, data center infrastructure, and other miscellaneous education and program delivery tools. These costs are being depreciated over the estimated useful lives of the assets (5 years) using the straight-line method, beginning from the first of the month following the date when the software assets are placed in service.

NFP's management assesses the carrying value of its long-lived assets for impairment when circumstances warrant such a review. If management determines that impairment has occurred, a loss is recognized, and the carrying values are reduced to their estimated fair values. Based on its review, management does not believe that any impairment has occurred as of September 30, 2016 and 2015.

Revenue recognition:

Contributions:

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are recorded as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or a 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. All temporarily restricted contributions containing restrictions that are met in the same year as receipt are classified first as restricted, and then as unrestricted as the conditions are met and the restrictions are released.

1. Description of Organization and summary of significant accounting policies (continued):

Revenue recognition (continued):

Contributions (continued):

The organization may, for various reasons, occasionally decide to return a contribution or portion thereof to a donor. When this occurs the organization reports contribution revenue net of any returned contributions. During the year ended September 30, 2016, NFP returned $341 of temporarily restricted contributions, which reduced temporarily restricted contribution revenue as reflected in the Statement of Activities for the year then ended.

NFP reports contributions of services and goods as unrestricted revenue unless explicit donor stipulations specify how the donated assets must be used. Donated services are also concurrently recorded as expense. NFP received in-kind contributions of $957 and $201 for the years ended September 30, 2016 and 2015, respectively, which were comprised primarily of consulting services, software, legal services, travel expenses, and advertising services. The related expenses were recognized within the statements of functional expenses as follows: donated consulting services were included in program services, legal fees were included in management, general, and administrative, travel expenses were included in management, general and administrative, and advertising costs were included in fundraising. All donated software and licenses were either capitalized or expensed in accordance with NFP's capitalization policy.

When NFP receives contributions for the benefit of designated beneficiaries, and thus acts more as a conduit, the pass-through contribution is recognized as a liability as opposed to revenue. Assets held for the benefit of others are recorded as a liability. As of September 30, 2016, NFP held assets in custody for the benefit of others totaling $1,716 (Note 6). There were no assets held in custody for the benefit of others at September 30, 2015.

Fundraising revenues are recognized either as received, or upon completion of the specified fundraising event when the amount can be reasonably estimated, whichever is more appropriate. The net proceeds related to such events are recorded when the event is complete and the net proceeds can be reasonably estimated.

During the year ended September 30, 2016, NFP began an initiative to provide services in South Carolina under an agreement that contains a Pay for Success (PFS) element. In accordance with the agreement, a study is performed based on a group of participants who receive NFP program services (Intervention Group) as well as a group who do not receive NFP services (Control Group). Should the Intervention Group achieve certain specified outcomes in contrast to the Control Group, NFP will be entitled to an additional payment from the State of South Carolina over and above the monies it receives for the initiative under agreements from various philanthropic organizations. The initiative includes three payment streams to NFP: 1) Monies provided to NFP to perform general management and marketing services, 2) Amounts that are specified to be paid to the agencies implementing the Program (Note 6), 3) Conditional payments to NFP from the state of South Carolina for the achievement of the aforementioned specified outcomes, to a maximum amount of $7,500. Any conditional payments under the agreement will be recorded upon achievement of the contingent specified outcomes as noted above.

1. Description of Organization and summary of significant accounting policies (continued):

Revenue recognition (continued):

Concentration:

NFP raised 12% of the 2016 contribution revenue from one donor; and 45% of the 2015 contribution revenue from one donor.

Site revenues:

Site revenues primarily consist of revenue earned from implementing agencies and states for educational, consulting and program support services. These services are recognized as revenue when the services are provided, or are supported by a contract for which NFP recognizes revenue ratably over the contract period. Accordingly, site revenues received prior to the end of the fiscal year for services performed in a subsequent fiscal year are deferred. None of the implementing agencies represents greater than 10% of total site revenues at September 30, 2016 and 2015.

Management regularly reviews accounts receivable to evaluate collectability. Based upon the specific customer's history, the applicable contract and the outstanding balance, management records an allowance for doubtful accounts for those accounts specifically identified as potentially uncollectable. At September 30, 2016 and 2015, management has recorded an allowance for doubtful accounts of $27 and $29, respectively.

Accounts receivable are generally considered to be past due, with certain exceptions, when the balance is outstanding for more than 90 days. Accounts receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and have been detailed in the Statements of Functional Expenses. Indirect expenses are allocated to program and supporting services on the basis of periodic time analyses, the area benefited, and usage of the assets. All other costs can be specifically identified with a particular function and are charged directly to that function.

Advertising costs:

Advertising costs are expensed as incurred. NFP uses advertising to promote its programs to implementing agencies, states, and the individuals that it serves, as well as to provide awareness to the general public of its services. Advertising and marketing expense was $773 and $87 for the years ended September 30, 2016 and 2015, respectively.

1. Description of Organization and summary of significant accounting policies (continued):

Taxes:

NFP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC); accordingly, no provision for income taxes is included in the accompanying financial statements. NFP received final determination as a public charity under Section 501(c)(3) of the IRC in December 2007. NFP assesses the likelihood of the financial statement effect of a tax position that should be recognized when it is more likely than not that the position will be sustained upon examination by a taxing authority based on the technical merits of the tax position, circumstances, and information available as of the reporting date. Management does not believe that there are any tax positions that would result in an asset or liability for taxes being recognized in the financial statements.

NFP's policy is to recognize interest and penalties accrued on any unrecognized tax positions as a component of income tax expense. As of September 30, 2016 and 2015, NFP did not have any accrued interest or penalties associated with any unrecognized tax positions, nor was any interest expense or penalties recognized during the years ended September 30, 2016 and 2015.

Recent accounting pronouncements:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 will eliminate the transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle-based approach for determining revenue recognition. The ASU is required to be adopted for annual periods beginning after December 15, 2018 and must be applied retrospectively. Management is currently evaluating the potential impact of this ASU on the NFP's financial statements.

In August 2014, the FASB issued ASU No. 2014-15 *Presentation of Financial Statements – Going Concern (subtopic 205-40), Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Specifically, ASU 2014-15 provides a definition of the term substantial doubt and requires an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). It also requires certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans and requires an express statement and other disclosures when substantial doubt is not alleviated. The ASU is effective for reporting periods beginning after December 15, 2016, with early adoption permitted. Management is currently evaluating the potential impact of this ASU on the NFP's financial statements.

(IN THOUSANDS)

1. Description of Organization and summary of significant accounting policies (continued):

Recent accounting pronouncements (continued):

In September 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will change the current net asset classification requirements and the information presented in the financial statements and notes regarding liquidity, financial performance, and cash flows. This ASU is required to be adopted for annual periods beginning after December 15, 2017 and must be applied retrospectively. Management is currently evaluating the potential impact of this ASU on NFP's financial statements.

Management has evaluated other recently issued accounting pronouncements and does not believe that any of these pronouncements will have an impact on the NFP's financial statements.

Use of estimates:

The preparation of NFP's financial statements in conformity with accounting principles generally accepted in the United States of America, requires NFP's management to make certain estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent events:

Management evaluated subsequent events through January 12, 2017, the date that NFP's financial statements were available to be issued.

Reclassifications:

Certain reclassifications have been made to the 2015 financial statement presentation in order to conform to the 2016 presentation.

2. Contributions receivable:

Contributions receivable consists of the following at September 30, 2016 and 2015:

Donor	2016	2015
Foundations	$ 401	$ 143
Individuals	200	-
Board member and family	-	300
Total contributions receivable	$ 601	$ 443

The contributions receivable are scheduled to be received within the next twelve months and are recorded at their net realizable value.

(IN THOUSANDS)

3. Investments:

At September 30, 2016 and 2015, NFP was invested in corporate debt securities in the amount of $3,128 and $2,512, respectively. The securities ratings ranged from A to AAA and A to AA as of September 30, 2016 and 2015, respectively.

The following schedule summarizes the investment income in the statements of activities for the years ended September 30, 2016 and 2015:

	2016	2015
Interest income	$ 48	$ 18
Net realized and unrealized income (losses)	-	(7)
Total investment income	$ 48	$ 11

The majority of unrealized losses are primarily due to the amortization of premium on debt securities intended to be held to maturity which is inherent in the current low interest rate investment environment.

4. Fair value measurements:

The following details the related fair value measurement as of September 30, 2016 and 2015:

	Level	2016	2015
Cash and cash equivalents	1	$ 6,489	$ 3,809
Treasury bills (included in cash and cash equivalents)	1	-	600
Corporate debt securities	2	3,128	2,512
Total cash and investments		$ 9,617	$ 6,921

5. Property and equipment:

Property and equipment consists of the following at September 30, 2016 and 2015:

	2016	2015
Software and computers	$ 2,767	$ 2,568
Leasehold improvements	294	294
Furniture and fixtures	140	140
	3,201	3,002
Accumulated depreciation	(2,458)	(2,127)
Property and equipment, net	$ 743	$ 875

(IN THOUSANDS)

6. Pass-through grants:

During the year ended September 30, 2016, NFP began an initiative in South Carolina which contains a Pay for Success (PFS) element. Under agreements for this initiative, NFP receives monies from philanthropic funders, some of which it is required to distribute to implementing agencies which are part of the initiative. Due to the timing specified by the related funding and distribution schedules, NFP holds some of these funds for a period of time. Accordingly, the amount of these funds it held at September 30, 2016, $1,716, is reflected as pass through grants on the statements of financial position.

7. Net assets – temporarily restricted:

Temporarily restricted net assets are the total restricted assets offset by related payables and commitments. Temporarily restricted net assets at September 30, 2016 and 2015 are available for the following purposes or periods:

	2016	2015
For receipt in subsequent periods	$ 601	$ 443
Program implementation	911	1,081
Total temporarily restricted net assets	$ 1,512	$ 1,524

8. Related party transactions:

Invest in Kids (IIK) assists in the implementation of the Program by performing certain consulting and technical assistance functions on behalf of NFP to implementing agencies in Colorado. For the years ended September 30, 2016 and 2015, payments to IIK were $54 and $47, respectively. Additionally, IIK provided NFP with an offsetting grant in 2015 totaling $15 restricted for the Colorado supervisors' meeting. There was no offsetting grant in 2016. The NFP Board Chair is related to the IIK Executive Director.

NFP recorded site revenues of $20 and $16 in 2016 and 2015, respectively, from an implementing agency whose Executive Director serves on the NFP Board.

NFP recorded site revenues of $43 and $1 from Parkland Health and Hospital System, an implementing agency in Texas for program services provided in 2016 and 2015, respectively. In 2014 and through August 31, 2015, NFP contracted with Texas Health and Human Services to provide these services. During this time, Parkland was a subcontractor of Texas Health and Human Services. Effective September 1, 2015, NFP contracted directly with Parkland to continue to provide program services at the standard fees in effect for all implementing agencies. The President and Chief Executive Officer of Parkland Health and Hospital System is a NFP Board member.

(IN THOUSANDS)

8. Related party transactions (continued):

In 2016 and 2015, NFP incurred expenses totaling $753 and $788, respectively, from the University of Colorado, Prevention Research Center (PRC), for research, program innovations, and Dyadic Assessment of Naturalistic Caregiver-Child Experiences (DANCE) education and licenses. As of September 30, 2016 and 2015, NFP owed $565 and $255, respectively, to PRC which is classified as accounts payable and accrued expenses on the accompanying statements of financial position. In addition, NFP received $5 and $457 in grant revenue from PRC in 2016 and 2015. Dr. David Olds is the Program founder and the Director of the PRC.

9. Retirement plan:

NFP sponsors a 401(k) plan through its Professional Employer Organization relationship with Automatic Data Processing, Inc., covering all employees who have completed three months of service and have attained age 21. NFP contributes 10% of the employees' compensation which vests immediately. For the years ended September 30, 2016 and 2015, total 401(k) contributions were $733 and $702 respectively.

10. Commitments:

Leases:

NFP leases office space in Denver, Colorado under an operating lease agreement that expires in June 2024. The agreement contains certain inducements and allowances that are recognized over the term of the lease, as well as cost escalation clauses. NFP recognizes rental expense on a straight-line basis over the term of the lease.

NFP is responsible for a proportionate share of the building common area maintenance and other operating costs.

Lease expense for the years ended September 30, 2016 and 2015 was $281 and $308, respectively. Following are the minimum future operating lease payments:

Year ending September 30,		
2017	$	294
2018		292
2019		301
2020		310
2021		319
Thereafter		923
Total lease commitment	$	2,439