Crowe GHP Horwath

NURSE-FAMILY PARTNERSHIP

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NURSE-FAMILY PARTNERSHIP

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

CONTENTS

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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, 2015 and 2014, 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, 2015 and 2014, 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.

December 21, 2015

NURSE-FAMILY PARTNERSHIP

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2015 AND 2014

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,219,736	$ 2,444,807
Cash - restricted	1,188,813	1,232,072
Accounts receivable, net	1,108,989	1,600,506
Contributions receivable	442,616	260,533
Short-term investments	1,003,100	3,034,471
Prepaid expenses	215,385	134,818
Total current assets	7,178,639	8,707,207
Contributions receivable, net	-	394,035
Investments	1,509,480	504,209
Property and equipment, net	874,917	1,001,628
	2,384,397	1,899,872
Total assets	$ 9,563,036	$ 10,607,079
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 689,176	$ 615,759
Accrued payroll	589,197	553,444
Deferred revenue	1,989,369	2,551,265
Total current liabilities	3,267,742	3,720,468
Deferred rent	8,544	58,860
Total liabilities	3,276,286	3,779,328
Net assets:		
Temporarily restricted	1,523,631	1,440,558
Unrestricted	4,763,119	5,387,193
Total net assets	6,286,750	6,827,751
Total liabilities and net assets	$ 9,563,036	$ 10,607,079

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT			
Contributions:			
Foundations	$ 3,389,014	$ 1,709,742	$ 5,098,756
Governmental	-	531,405	531,405
Individuals	1,076,806	10,500	1,087,306
In-kind	200,667	-	200,667
Site revenues	7,536,719	-	7,536,719
Investment income	10,567	-	10,567
Net assets released from restrictions	2,168,574	(2,168,574)	-
Total revenues and other support	14,382,347	83,073	14,465,420
EXPENSES			
Program services	12,466,042	-	12,466,042
Supporting services:			
Management, general and administrative	1,815,195	-	1,815,195
Fundraising	725,184	-	725,184
Total expenses	15,006,421	-	15,006,421
CHANGE IN NET ASSETS	(624,074)	83,073	(541,001)
NET ASSETS, beginning of year	5,387,193	1,440,558	6,827,751
NET ASSETS, end of year	$ 4,763,119	$ 1,523,631	$ 6,286,750

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2014

	Unrestricted	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT			
Contributions:			
Foundations	$ 37,221	$ 607,834	$ 645,055
Governmental	-	524,874	524,874
Individuals	329,600	-	329,600
In-kind	298,868	-	298,868
Site revenues	7,368,421	-	7,368,421
Investment income	16,631	3,428	20,059
Net assets released from restrictions	2,701,774	(2,701,774)	-
Total revenues and other support	10,752,515	(1,565,638)	9,186,877
EXPENSES			
Program services	12,262,770	-	12,262,770
Supporting services:			
Management, general and administrative	2,061,530	-	2,061,530
Fundraising	389,917	-	389,917
Total expenses	14,714,217	-	14,714,217
CHANGE IN NET ASSETS	(3,961,702)	(1,565,638)	(5,527,340)
NET ASSETS, beginning of year	9,348,895	3,006,196	12,355,091
NET ASSETS, end of year	$ 5,387,193	$ 1,440,558	$ 6,827,751

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Cash flows from operating acitivities:		
Decrease in net assets	$ (541,001)	$ (5,527,340)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation and amortization	437,408	436,343
Loss on disposal of property and equipment	-	1,728
Donation of investments and property and equipment	(117,612)	(1,946)
Change in provision for uncollectible accounts receivable	(4,240)	(3,461)
Change in unamortized discount on contributions receivable	(5,965)	(7,898)
Net realized and unrealized losses on investments	7,178	66,744
Changes in assets and liabilities:		
Cash - restricted	43,259	(329,426)
Accounts receivable	495,757	(160,200)
Contributions receivable	217,917	1,885,546
Prepaid expenses	(80,567)	38,043
Accounts payable and accrued expenses	58,854	(99,931)
Deferred revenue	(561,896)	116,063
Total adjustments	490,093	1,941,605
Net cash used in operating activities	(50,908)	(3,585,735)
Cash flows from investing activities:		
Purchases of property and equipment	(261,609)	(81,701)
Purchases of investments	(1,504,825)	(1,529,710)
Proceeds from sales and maturities of investments	2,592,271	3,221,179
Net cash provided by investing activities	825,837	1,609,768
Net increase (decrease) in cash and cash equivalents	774,929	(1,975,967)
Cash and cash equivalents, beginning	2,444,807	4,420,774
Cash and cash equivalents, ending	$ 3,219,736	$ 2,444,807

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2015

		Supporting services		
	Program services	Management, general and administrative	Fundraising	Total
Payroll and benefits	$ 7,830,996	$ 1,298,582	$ 529,943	$ 9,659,521
Consultants	1,129,520	83,889	25,074	1,238,483
Travel	917,015	73,405	9,379	999,799
Telephone	416,869	75,645	26,109	518,623
Outsourced program support	487,245	-	-	487,245
Depreciation and amortization	341,550	68,655	27,203	437,408
Training and other events	299,203	19,842	13,734	332,779
Rent and occupancy	241,774	47,556	18,828	308,158
Printing and copying	207,372	5,188	10,124	222,684
Equipment and maintenance	155,509	32,056	11,909	199,474
Professional services	144,050	48,407	4,374	196,831
Advertising and marketing	87,148	-	-	87,148
Dues and subscriptions	31,310	10,427	21,651	63,388
Postage and shipping	38,891	3,535	3,526	45,952
Office supplies and expenses	25,750	5,026	2,547	33,323
Other	111,840	42,982	20,783	175,605
Total expenses	$ 12,466,042	$ 1,815,195	$ 725,184	$ 15,006,421

NURSE-FAMILY PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2014

		Supporting services		
	Program services	Management, general and administrative	Fundraising	Total
Payroll and benefits	$ 6,992,030	$ 1,298,355	$ 275,016	$ 8,565,401
Consultants	1,714,913	350,979	26,871	2,092,763
Travel	1,042,259	83,250	7,164	1,132,673
Telephone	380,931	74,562	14,625	470,118
Depreciation and amortization	347,231	73,748	15,364	436,343
Training and other events	386,357	16,330	861	403,548
Outsourced program support	340,287	-	-	340,287
Rent and occupancy	222,208	45,871	9,496	277,575
Printing and copying	250,484	4,170	5,494	260,148
Professional services	135,577	43,349	3,168	182,094
Advertising and marketing	102,144	5,000	-	107,144
Dues and subscriptions	67,863	10,070	13,295	91,228
Equipment and maintenance	67,130	12,274	2,493	81,897
Postage and shipping	41,766	2,946	4,327	49,039
Office supplies and expenses	30,692	4,940	715	36,347
Other	140,898	35,686	11,028	187,612
Total expenses	$ 12,262,770	$ 2,061,530	$ 389,917	$ 14,714,217

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. Cash and cash equivalents restricted by donors are not considered cash and cash equivalents for purposes of the statements of cash flows.

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

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.

Investment expenses:

Expenses relating to investment income, including custodial fees and investment advisory fees of $19,086 and $24,933 for the years ended September 30, 2015 and 2014, respectively, are included in management, general and administrative expenses in the accompanying Statements of Activities.

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, 2015 and 2014.

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.

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

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, 2015 and 2014.

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.

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 $200,667 and $298,868 for the years ended September 30, 2015 and 2014, 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.

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

Revenue recognition (continued):

Contributions (continued):

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 in custody for the benefit of others are recorded as cash-restricted, and a liability. As of September 30, 2014, NFP held assets in custody for the benefit of others totaling $65,919. There were no assets held in custody for the benefit of others at September 30, 2015 (Note 3).

NFP maintains a policy of selling all contributions received in the form of securities or other assets as quickly as administratively possible. As a result, such donated assets will normally be classified in the operating section of the Statements of Cash Flows.

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.

Concentration:

NFP raised 45% of the 2015 contribution revenue from one donor; and 19% and 10% of the 2014 contribution revenue from two donors, respectively. The major donor in 2015 was also a major donor in 2014.

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, 2015 and 2014.

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, 2015 and 2014, management has recorded an allowance for doubtful accounts of $29,119 and $24,879, 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.

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

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 $87,148 and $107,144 for the years ended September 30, 2015 and 2014, respectively.

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, 2015 and 2014, 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, 2015 and 2014. There are open statutes of limitations for taxing authorities to audit NFP's tax returns for 2012 through the current period.

Recent accounting pronouncements:

In May 2014, the FASB issued 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.

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

Recent accounting pronouncements (continued):

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.

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 December 21, 2015, the date that NFP's financial statements were available to be issued.

2. Contributions receivable:

Contributions receivable consists of the following at September 30, 2015 and 2014:

Donor	2015	2014
Board member and family	$ 300,000	$ 200,000
University of Colorado-Denver	107,616	-
I.A. O'Shaughnessy Foundation	35,000	-
Goodwill Industries	-	37,501
Other	-	23,032
Current contributions receivable	442,616	260,533
Board member and family	-	400,000
Unamortized discount	-	(5,965)
Long-term contributions receivable	-	394,035
Total contributions receivable	$ 442,616	$ 654,568

Amounts scheduled to be received within the next twelve months were recorded at their net realizable value.

3. Cash – restricted:

Restricted cash consists of contributions that place temporary restrictions on the use of the cash. In addition, restricted cash includes assets for which NFP is acting as an agent or intermediary. Restricted cash at September 30, 2015 and 2014 was received from:

Donor	2015	2014
The Rita and Alex Hillman Foundation	$ 553,458	$ -
Tipping Point Community	175,144	91,384
The Edna McConnell Clark Foundation	135,000	-
The Duke Endowment / Blue Cross Blue Shield Foundation of SC (joint funding)	91,100	132,081
Episcopal Health Foundation	70,651	-
The California Wellness Foundation	52,772	65,129
Trustees Philanthropy Fund of Fidelity Charitable	43,976	-
Nonprofit Finance Fund	35,943	34,288
The Fox Family Foundation	16,143	-
The JPB Foundation	-	730,054
Pennsylvania Dept. of Public Welfare	-	21,675
Other	14,626	7,160
Purchasing Card Collateral (Note 10)	-	150,301
Total cash-restricted	$ 1,188,813	$ 1,232,072

3. Cash – restricted (continued):

Direct-Use Categories	2015	2014
Program implementation	$ 1,128,694	$ 1,008,692
Technology infrastructure	60,119	-
Purchasing Card Collateral (Note 10)	-	150,301
Deposits held in custody for others	-	65,919
Program recipient assistance	-	7,160
Total cash-restricted	$ 1,188,813	$ 1,232,072

4. Investments:

NFP's investments consist of the following at September 30, 2015 and 2014:

Investments	2015	2014
Certificates of deposit	$ -	$ 2,013,689
Corporate debt securities:		
Technology	1,002,140	-
Consumer	1,008,407	502,160
Manufacturing	502,033	504,209
Healthcare	-	518,622
Total investments	$ 2,512,580	$ 3,538,680

Corporate Debt Securities	2015	2014
AA rating	$ 1,507,300	$ 1,022,831
A rating	1,005,280	502,160
Total corporate debt securities	$ 2,512,580	$ 1,524,991

The following schedule summarizes the investment income in the statements of activities for the years ended September 30, 2015 and 2014:

	2015	2014
Interest income	$ 17,745	$ 86,803
Net realized and unrealized losses	(7,178)	(66,744)
Total investment income	$ 10,567	$ 20,059

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.

5. Fair value measurements:

The following details the related fair value measurement as of September 30, 2015 and 2014:

	Level	2015	2014
Cash and cash equivalents, including cash – restricted:			
Cash	1	$ 1,967,425	$ 1,777,786
Money market funds	1	$ 1,690,717	$ 298,818
Certificate of deposit	1	$ 150,451	$ 150,301
Treasury bills	2	$ 599,956	$ 1,449,974
Investment securities:			
Certificates of deposit	1	$ -	$ 2,013,689
Corporate debt securities	1	$ 2,512,580	$ 1,524,991

6. Property and equipment:

Property and equipment consists of the following at September 30, 2015 and 2014:

	2015	2014
Software in use	$ 1,772,706	$ 1,719,480
Software in development	255,028	-
Computers – servers	515,908	515,908
Computers – PCs	24,630	33,448
Leasehold improvements	294,126	294,126
Furniture and fixtures	139,639	140,055
	3,002,037	2,703,017
Accumulated depreciation	(2,127,120)	(1,701,389)
Property and equipment, net	$ 874,917	$ 1,001,628

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, 2015 and 2014 are available for the following purposes or periods:

	2015	2014
For receipt in subsequent periods	$ 442,616	$ 654,568
Program implementation	1,021,079	784,376
Technology infrastructure	59,936	
Program recipient assistance	-	1,614
Total temporarily restricted net assets	$ 1,523,631	$ 1,440,558

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, 2015 and 2014, payments to IIK were $47,422 and $47,293, respectively. Additionally, IIK provided NFP with an offsetting grant in 2015 and 2014 totaling $15,000 and $11,361, respectively, restricted for the Colorado supervisors' meeting. The NFP Board Chair is related to the IIK Executive Director.

NFP recorded site revenues of $15,687 and $27,679 from Guilford Child Development, an implementing agency in North Carolina, for program services provided in 2015 and 2014, respectively. A NFP Board member also served as the Executive Director of Guilford Child Development during 2015 and 2014.

NFP recorded site revenues of $1,356 from Parkland Health and Hospital System, an implementing agency in Texas for program services provided in 2015. 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. In 2015, the President and Chief Executive Officer of Parkland Health and Hospital System was elected as a NFP Board member.

In 2015 and 2014, NFP incurred expenses totaling $787,851 and $858,401, 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, 2015 and 2014, NFP owed $255,467 and $154,518, respectively, to PRC which is classified as accounts payable and accrued expenses on the accompanying statements of financial position. In addition, NFP received $457,418 and $343,301 in grant revenue from PRC in 2015 and 2014. 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, 2015 and 2014, total 401(k) contributions were $701,672 and $649,144, respectively.

10. Commitments:

Leases:

NFP leases office space in Denver, Colorado that expires on November 30, 2016 and contains two, two-year renewal options. 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, 2015 and 2014 was $308,158 and $277,575, respectively. Following are the minimum future operating lease payments:

Year ending September 30,	
2016	$ 315,466
2017	52,736
Total lease commitment	$ 368,202

Commercial credit card program:

NFP has a commercial credit card program (Purchasing Card) with a bank with a maximum credit line of up to $150,000 and an outstanding balance of $113,373 and $98,060, respectively, as of September 30, 2015 and 2014. The balance due is included in accounts payable and accrued expenses. The purpose of the program is to allow NFP to utilize credit cards to pay for certain recurring expenses such as travel and office supplies. NFP pays all Purchasing Card charges on a monthly basis in arrears. At September 30, 2014, a certificate of deposit (Note 3) served as collateral. The bank no longer requires collateral.