

**NURSE-FAMILY PARTNERSHIP**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**NURSE-FAMILY PARTNERSHIP**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**CONTENTS**

Independent auditors' report	1 - 2
Financial statements:	
Statements of financial position	3
Statements of activities	4 - 5
Statements of cash flows	6
Statements of functional expenses	7 - 8
Notes to financial statements	9 - 19



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Nurse-Family Partnership  
Denver, Colorado

We have audited the accompanying financial statements of Nurse-Family Partnership (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, 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.

Board of Directors  
Nurse-Family Partnership

***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, 2020 and 2019, 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Denver, Colorado  
February 18, 2021

**NURSE-FAMILY PARTNERSHIP**  
**STATEMENTS OF FINANCIAL POSITION**

**SEPTEMBER 30, 2020 AND 2019**  
(IN THOUSANDS)

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalent investments	\$ 14,756	\$ 14,746
Accounts receivable, net	3,005	2,211
Contributions receivable	476	176
Short-term investments	3,805	6,826
Prepaid expenses	471	236
Other assets	47	47
Total current assets	22,560	24,242
Investments	22,814	14,429
Property and equipment, net	3,300	3,046
	26,114	17,475
Total assets	\$ 48,674	\$ 41,717
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 4,029	\$ 3,078
Distributions and grants payable	2,742	1,947
Pass-through grants	378	1,483
Deferred revenue	4,236	3,315
Total current liabilities	11,385	9,823
Long-term liabilities:		
Deferred revenue	-	367
Deferred rent	178	219
Total long-term liabilities	178	586
Total liabilities	11,563	10,409
Net assets:		
With donor restrictions	2,492	1,691
Without donor restrictions	34,619	29,617
Total net assets	37,111	31,308
Total liabilities and net assets	\$ 48,674	\$ 41,717

See notes to financial statements.

**NURSE-FAMILY PARTNERSHIP**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED SEPTEMBER 30, 2020**

(IN THOUSANDS)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Philanthropic Contributions	\$ 25,966	\$ 5,390	\$ 31,356
Government grants for implementation	-	750	750
Site revenues	9,084	-	9,084
Investment income	1,065	-	1,065
Net assets released from restrictions	5,339	(5,339)	-
Total revenues and other support	<u>41,454</u>	<u>801</u>	<u>42,255</u>
<b>EXPENSES</b>			
Program services	30,006	-	30,006
Supporting services:			
Management, general and administrative	3,518	-	3,518
Fundraising	2,928	-	2,928
Total expenses	<u>36,452</u>	<u>-</u>	<u>36,452</u>
<b>CHANGE IN NET ASSETS</b>	5,002	801	5,803
<b>NET ASSETS, beginning of year</b>	<u>29,617</u>	<u>1,691</u>	<u>31,308</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 34,619</u></u>	<u><u>\$ 2,492</u></u>	<u><u>\$ 37,111</u></u>

See notes to financial statements.

**NURSE-FAMILY PARTNERSHIP**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED SEPTEMBER 30, 2019**

(IN THOUSANDS)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Philanthropic Contributions	\$ 12,937	\$ 2,261	\$ 15,198
Site revenues	9,249	-	9,249
Investment income	1,075	-	1,075
Net assets released from restrictions	2,509	(2,509)	-
Total revenues and other support	<u>25,770</u>	<u>(248)</u>	<u>25,522</u>
<b>EXPENSES</b>			
Program services	26,170	-	26,170
Supporting services:			
Management, general and administrative	3,077	-	3,077
Fundraising	2,360	-	2,360
Total expenses	<u>31,607</u>	<u>-</u>	<u>31,607</u>
<b>CHANGE IN NET ASSETS</b>	<b>(5,837)</b>	<b>(248)</b>	<b>(6,085)</b>
<b>NET ASSETS, beginning of year</b>	<u><b>35,454</b></u>	<u><b>1,939</b></u>	<u><b>37,393</b></u>
<b>NET ASSETS, end of year</b>	<u><u><b>\$ 29,617</b></u></u>	<u><u><b>\$ 1,691</b></u></u>	<u><u><b>\$ 31,308</b></u></u>

**NURSE-FAMILY PARTNERSHIP**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

(IN THOUSANDS)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase (Decrease) in net assets	\$ 5,803	\$ (6,085)
Adjustments to reconcile increase (decrease) in net assets to net cash (used by) provided by operating activities:		
Depreciation and amortization	665	463
Change in provision for uncollectible accounts receivable	9	1
Loss on disposal of property, plant and equipment	-	1
Donation of property, plant and equipment	-	(19)
Net unrealized and realized change in investments	(644)	(465)
Change in accrued interest	(48)	(2)
Changes in assets and liabilities:		
Accounts receivable	(803)	(497)
Contributions receivable	(300)	724
Prepaid expenses	(235)	(7)
Accounts payable and accrued expenses	951	418
Distributions and grants payable	795	714
Pass-through grants	(1,105)	(2,211)
Deferred revenue	513	1,063
Total adjustments	<u>(202)</u>	<u>183</u>
Net cash provided by (used by) operating activities	<u>5,601</u>	<u>(5,902)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(919)	(1,239)
Purchases of investments	(14,838)	(7,270)
Proceeds from sales and maturities of investments	10,166	5,241
Net cash used in investing activities	<u>(5,591)</u>	<u>(3,268)</u>
Net increase (decrease) in cash and cash equivalents	10	(9,170)
Cash and cash equivalents, beginning	<u>14,746</u>	<u>23,916</u>
Cash and cash equivalent investments, ending	<u>\$ 14,756</u>	<u>\$ 14,746</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Donation of property, plant and equipment	\$	-	\$	19
---	----	---	----	----



## NURSE-FAMILY PARTNERSHIP

### STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED SEPTEMBER 30, 2020**

(IN THOUSANDS)

	Program services	Supporting services		Total
		Management, general and administrative	Fundraising	
Payroll and benefits	\$ 11,306	\$ 2,507	\$ 1,780	\$ 15,593
Grants and program distributions	9,002	-	-	9,002
Consultants	4,948	378	557	5,883
Outsourced program support	1,159	-	-	1,159
Travel	515	29	47	591
Advertising, enrollment promotion	734	21	93	848
Technology	804	156	159	1,119
Training and other events	118	-	11	129
Rent and occupancy	391	72	68	531
Printing and copying	38	3	26	67
Equipment and maintenance	128	18	23	169
Depreciation and amortization	489	92	84	665
Professional services	88	57	15	160
Dues and subscriptions	104	9	17	130
Postage and shipping	49	8	22	79
Office supplies and expenses	22	5	2	29
Legal	-	75	-	75
Other	111	88	24	223
	<u>\$ 30,006</u>	<u>\$ 3,518</u>	<u>\$ 2,928</u>	<u>\$ 36,452</u>
Total expenses	<u>\$ 30,006</u>	<u>\$ 3,518</u>	<u>\$ 2,928</u>	<u>\$ 36,452</u>

## NURSE-FAMILY PARTNERSHIP

### STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED SEPTEMBER 30, 2019**

(IN THOUSANDS)

	Program services	Supporting services		Total
		Management, general and administrative	Fundraising	
Payroll and benefits	\$ 10,656	\$ 2,112	\$ 1,474	\$ 14,242
Grants and program distributions	4,933	-	-	4,933
Consultants	3,732	358	286	4,376
Travel	1,417	74	79	1,570
Technology	1,090	207	192	1,489
Outsourced program support	1,231	-	-	1,231
Advertising, enrollment promotion	1,104	16	58	1,178
Training and other events	606	-	8	614
Rent and occupancy	396	72	68	536
Depreciation and amortization	342	64	57	463
Equipment and maintenance	185	31	29	245
Professional services	88	47	14	149
Dues and subscriptions	85	10	24	119
Postage and shipping	61	5	19	85
Printing and copying	29	7	26	62
Office supplies and expenses	35	8	4	47
Other	180	66	22	268
	<u>\$ 26,170</u>	<u>\$ 3,077</u>	<u>\$ 2,360</u>	<u>\$ 31,607</u>
Total expenses	<u>\$ 26,170</u>	<u>\$ 3,077</u>	<u>\$ 2,360</u>	<u>\$ 31,607</u>

# NURSE-FAMILY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(IN THOUSANDS)

### 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 network partners throughout the United States. Network partners are independent from NFP and implement the Program by contract.

The Program is an evidence-based, nurse-home-visitation program that serves low-income 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 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. 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 network partners 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 network partner or state.

#### **Cash and cash equivalent investments:**

NFP considers all 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, gains, and losses are reported in the statements of activities as increases or decreases in net assets with or without donor restrictions based on the existence of donor imposed restrictions. Realized and unrealized gains, 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.

# NURSE-FAMILY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(IN THOUSANDS)

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

#### **Fair value measurements:**

NFP measures its financial assets and liabilities under accounting guidance that 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, 2020 and 2019.

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 having a unit cost greater than \$5,000 and a useful life of more than one year are capitalized at cost when purchased. 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, beginning the first month after the asset is placed in service. Leasehold improvements are depreciated over the shorter of the estimated useful life of the related asset or the lease term, without any consideration of any lease renewal option.

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, 2020 and 2019.

#### **Revenue recognition:**

##### ***Contributions and grants:***

Contributions and grants received that benefit the general public are recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Amounts are recognized at fair value when the donor makes a promise to give to NFP that is, in substance, unconditional. Conditional contributions and grants — that is, those with a measurable performance or other barrier and a right of return or release — are recorded when the conditions upon which they depend have been met.

# NURSE-FAMILY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(IN THOUSANDS)

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

#### Revenue recognition (continued):

##### *Contributions and grants (continued):*

Contributions and grants that are restricted by the donor are recorded as an increase in net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. All contributions and grants with donor restrictions that are met in the same year as receipt are classified first as restricted, and then as without donor restrictions as the conditions are met and the restrictions are released.

Consequently, as of September 30, 2020, conditional contributions approximating \$48,400, have not been recognized in the accompanying statements of activities. Of the total conditional contributions, all amounts represent agreements that are conditioned upon the achievement of milestones under the contribution agreements.

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. No contributions were returned during 2020 or 2019.

NFP reports contributions of services and goods as revenue without donor restrictions 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 \$1,596 and \$371 for the years ended September 30, 2020 and 2019, respectively, which were comprised primarily of donated goods, consulting services, legal services, travel expenses, and advertising services. The related expenses for donated services of \$267 and \$371 for the years ended September 30, 2020 and 2019, respectively, 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 program services or fundraising based on the nature of the donation. Donated goods of \$1,329 and \$-0- the years ended September 30, 2020 and 2019, respectively, were distributed during the same fiscal year and were recognized within the statements of functional expenses as program services.

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, 2020 and 2019, NFP held assets in custody for the benefit of others totaling \$378 and \$1,483, respectively (Note 7).

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.

# NURSE-FAMILY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(IN THOUSANDS)

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

#### Revenue recognition (continued):

##### *Contributions and grants (continued):*

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 being conducted 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 for its performance of general management and marketing services, 2) Amounts that are specified to be paid to the network partner implementing the Program (Note 7), 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 substantial achievement of the contingent specified outcomes as noted above.

During the year ended September 30, 2017, NFP received conditional commitments without donor restrictions totaling \$51.5 million in support of an organizational growth plan (the plan). During the year ended September 30, 2020, NFP received additional conditional commitments without donor restrictions totaling \$70.5 million in support of the plan. As these commitments are contingent upon the organization's achievement of certain future milestones, no corresponding pledges receivable have been recorded and the organization will recognize revenue to support the plan upon achievement of certain milestones. During the year ended September 30, 2020 and 2019 the organization recognized as revenue and received payments totaling \$22,100 and \$7,500, respectively, which it considers as support without donor restrictions for the plan and has included in contributions without donor restrictions for the year.

##### *Concentration:*

NFP received 70% of 2020 contribution revenue effectively from or directed by two sources and 49% of 2019 contribution revenue from or directed by a single source the same donor.

##### *Site revenues:*

Site revenues primarily consist of revenue earned from network partners 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 network partners represents greater than 10% of total site revenues for the years ended September 30, 2020 or 2019.

# NURSE-FAMILY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(IN THOUSANDS)

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

#### Revenue recognition (continued):

##### *Site revenues (continued):*

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, 2020 and 2019, management has recorded an allowance for doubtful accounts of \$17 and \$8, 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 financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated benefit each area of NFP operations and include facilities costs, including depreciation and insurance, project management and information technology services. Expenses are allocated based on full-time equivalent staff positions.

#### Advertising, enrollment promotion:

Advertising costs are expensed as incurred. NFP uses advertising primarily to promote its programs to the individuals that it serves, as well as to provide awareness to the public of its services. Advertising and marketing expense was \$848 and \$1,178 for the years ended September 30, 2020 and 2019, respectively.

#### Distributions and grants payable:

During the year ended September 30, 2018, NFP entered into grant agreements with network partners to expand the NFP program. The payments under the agreement are contingent on the achievement of certain milestones. Any payments authorized but not yet paid at year-end are reported as liabilities. Grants scheduled for payment more than one year in the future have not been discounted to net present value because the discount is not significant.

#### 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.

# NURSE-FAMILY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(IN THOUSANDS)

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

#### Taxes (continued):

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, 2020 and 2019, 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, 2020 and 2019.

#### Change in accounting principle:

For the year ended September 30, 2020 NFP adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) ASU 2018-08, *Not-For-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. In addition, once a transaction is deemed to be a contribution, this ASU assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor restricted for a limited purpose or timing. The financial statements reflect the application of ASU 2018-08 beginning October 1, 2019 using a prospective approach. There was no material impact on NFP's financial position and results of operations upon adoption on the prospective approach of the new standard.

#### Recent accounting pronouncements:

In May 2014, the 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 accounting principles generally accepted in the United States of America and replace it with a principle-based approach for determining revenue recognition. Initially, this ASU was required to be adopted by NFP for the fiscal year ended September 30, 2020, but the FASB delayed the required implementation date one year due to the worldwide pandemic. Management is currently evaluating the potential impact of this ASU on the organization's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The ASU is intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets. The new standard takes effect for fiscal year 2023 for NFP. 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 NFP's financial statements.



# NURSE-FAMILY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(IN THOUSANDS)

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

#### 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.

#### Reclassifications:

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

#### Subsequent events:

Management evaluated subsequent events through February 18, 2021, the date that NFP's financial statements were available to be issued.

### 2. Liquidity and availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are included below. None of the financial assets that are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalent investments	\$ 14,756	\$ 14,746
Accounts receivable, net	3,005	2,211
Contributions receivable	476	118
Investments	<u>26,619</u>	<u>21,255</u>
Total	<u>\$ 44,856</u>	<u>\$ 38,330</u>

As part of the liquidity management plan, cash in excess of daily requirements is put into an overnight sweep account or other short-term investments.

## NURSE-FAMILY PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS

#### YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(IN THOUSANDS)

#### 3. Contributions receivable:

Contributions receivable consists of the following at September 30, 2020 and 2019:

Type of Donor	2020	2019
Individuals	\$ 146	\$ 7
Public support	28	29
Corporate	5	-
Foundations and organizations	297	140
Total	\$ 476	\$ 176

Amounts scheduled to be received within the next twelve months were recorded at their net realizable value. At September 30, 2020 all amounts are expected to be collected in the year ended September 30, 2021 except for \$196, which is expected to be collected in the year ending September 30, 2022.

#### 4. Investments:

Investments are classified as short-term or long-term based on maturity date although all securities are marketable. Securities held at September 30, 2020 and 2019 consist of publicly traded government and corporate debt instruments ranging in credit quality from Aaa to A3 with an average credit rating of Aa3 and Aa3 as of September 30, 2020 and 2019, respectively, with total value by instrument type indicated as follows:

	2020	2019
Government obligations	\$ 10,051	\$ 11,748
Corporate obligations	16,407	9,193
Mortgage backed securities	-	200
Interest receivable	161	114
Total investments	\$ 26,619	\$ 21,255

The following schedule summarizes the investment income in the statements of activities for the years ended September 30, 2020 and 2019:

	2020	2019
Interest income	\$ 421	\$ 610
Net realized and unrealized gains	644	465
Total investment income	\$ 1,065	\$ 1,075

Net realized and unrealized gains are primarily due to fluctuations in market interest rates.

## NURSE-FAMILY PARTNERSHIP

### NOTES TO THE FINANCIAL STATEMENTS

#### YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(IN THOUSANDS)

##### 5. Fair value measurements:

The following details the related fair value measurement as of September 30, 2020 and 2019:

	<u>Level</u>	<u>2020</u>	<u>2019</u>
Government obligations	2	\$ 10,051	\$ 11,748
Mortgage backed securities	2	-	200
Corporate debt securities	2	<u>16,407</u>	<u>9,193</u>
Total		<u>\$ 26,458</u>	<u>\$ 21,141</u>

##### 6. Property and equipment:

Property and equipment consists of the following at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Software and computers	\$ 5,199	\$ 4,265
Leasehold improvements	85	85
Furniture and fixtures	293	293
Software in progress	<u>936</u>	<u>951</u>
	6,513	5,594
Accumulated depreciation	<u>(3,213)</u>	<u>(2,548)</u>
Property and equipment, net	<u>\$ 3,300</u>	<u>\$ 3,046</u>

##### 7. 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 network partners 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, 2020 and 2019 of \$378 and \$1,483, respectively, is reflected as pass through grants on the statements of financial position.

##### 8. Distributions and grants payable:

Grants which have been approved and are payable within the next fiscal year were \$2,742 and \$1,947 at September 30, 2020 and 2019, respectively.

The organization also has contingent grants which are not to be paid unless and until certain milestones at future dates, are met. These contingent grants, which are to be paid from both net assets with donor restrictions and net assets without donor restrictions, are therefore not recorded as liabilities. Contingent grants to be paid from net assets with donor restrictions were \$543 and \$660, respectively, as of September 30, 2020 and 2019. Contingent grants to be paid from net assets without donor restrictions were \$6,108 and \$5,735, respectively, as of September 30, 2020 and 2019.

# NURSE-FAMILY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(IN THOUSANDS)

### 9. Net assets – With donor restrictions:

Net assets with donor restrictions are the total restricted assets offset by related payables and commitments. Net assets with donor restrictions at September 30, 2020 and 2019 are available for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
For receipt in subsequent periods	\$ 289	\$ 19
Program implementation	<u>2,203</u>	<u>1,672</u>
Total net assets with donor restrictions	<u>\$ 2,492</u>	<u>\$ 1,691</u>

### 10. Related party transactions:

NFP recorded site revenues of \$37 and \$27 from Parkland Health and Hospital System, a network partner in Texas for program services provided in 2020 and 2019, respectively. The President and Chief Executive Officer of Parkland Health and Hospital System is a NFP Board member.

In 2020 and 2019, NFP incurred expenses totaling \$1,159 and \$1,231, 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, 2020 and 2019, NFP owed \$1,159 and \$47, respectively, to PRC, which is included in accounts payable and accrued expenses on the accompanying statements of financial position. Dr. David Olds is the Program founder and the Director of the PRC.

### 11. 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, 2020 and 2019, total 401(k) contributions were \$1,135 and \$1,111 respectively.

### 12. Commitments:

NFP leased office space in Denver, Colorado during fiscal year ending September 30, 2020 under a lease with a term from December 1, 2016 through October 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.

# NURSE-FAMILY PARTNERSHIP

## NOTES TO THE FINANCIAL STATEMENTS

### YEARS ENDED SEPTEMBER 30, 2020 AND 2019

(IN THOUSANDS)

#### 12. Commitments (continued):

Lease expense for the years ended September 30, 2020 and 2019 was \$275 and \$276, respectively. Following are the minimum future operating lease payments:

Year ending September 30,		
2021	\$	317
2022		326
2023		335
2024		<u>344</u>
Total lease commitment	\$	<u><u>1,322</u></u>

#### 13. Subsequent Events:

On December 1, 2020, NFP and Child First -- two separate organizations -- combined to become the National Service Office for Nurse-Family Partnership and Child First (NSO). The boards of directors of NFP and Child First believe the accomplishment of their respective missions will be better met through a strategic business combination of Child First with and into NFP, with NFP surviving the business combination as the surviving organization. Bringing these two programs together will allow the NSO to provide broader services to more moms, babies, and families. At the time of publishing this report, NFP is unable to provide the financial effect of the transaction as the audit report for Child First through September 30, 2020 is not available.

#### 14. Risks and Uncertainties – Global Pandemic:

The COVID-19 global pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to NFP, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results, including potential cancellations of conferences, meetings, educational trainings, investment valuations, and other programmatic activity that could result in a reduction of related revenues and expenses. Management believes NFP is taking appropriate actions to mitigate any potential negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.