Crowe Horwath

GHP Horwath, P.C.
Member Crowe Horwath International

NURSE-FAMILY PARTNERSHIP

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

NURSE-FAMILY PARTNERSHIP

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

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, 2014 and 2013, 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, 2014 and 2013, 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 22, 2014

NURSE-FAMILY PARTNERSHIP

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2014 AND 2013

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,444,807	$ 4,420,774
Cash - restricted	1,232,072	902,646
Accounts receivable, net	1,600,506	1,436,845
Contributions receivable	260,533	1,746,079
Short-term investments	3,034,471	3,289,391
Prepaid expenses	134,818	172,861
Total current assets	8,707,207	11,968,596
Contributions receivable, net	394,035	786,137
Investments	504,209	2,005,556
Property and equipment, net	1,001,628	1,357,998
	1,899,872	4,149,691
Total assets	$ 10,607,079	$ 16,118,287
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 615,759	$ 836,113
Accrued payroll and benefits	553,444	388,406
Deferred revenue	2,551,265	2,435,202
Total current liabilities	3,720,468	3,659,721
Deferred rent	58,860	103,475
Total liabilities	3,779,328	3,763,196
Net assets:		
Temporarily restricted	1,440,558	3,006,196
Unrestricted	5,387,193	9,348,895
Total net assets	6,827,751	12,355,091
Total liabilities and net assets	$ 10,607,079	$ 16,118,287

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
Federal and state	-	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

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2013

	Unrestricted	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT			
Contributions:			
Foundations	$ 286,868	$ 2,271,606	$ 2,558,474
Federal and state	-	176,025	176,025
Individuals	282,312	35,775	318,087
In-kind	608,441	-	608,441
Site revenues	7,120,290	-	7,120,290
Investment income	35,746	3,642	39,388
Net assets released from restrictions	906,689	(906,689)	-
Total revenues and other support	9,240,346	1,580,359	10,820,705
EXPENSES			
Program services	11,036,624	-	11,036,624
Supporting services:			
Management, general and administrative	1,927,594	-	1,927,594
Fundraising	379,606	-	379,606
Total expenses	13,343,824	-	13,343,824
CHANGE IN NET ASSETS	(4,103,478)	1,580,359	(2,523,119)
NET ASSETS, beginning of year	13,452,373	1,425,837	14,878,210
NET ASSETS, end of year	$ 9,348,895	$ 3,006,196	$ 12,355,091

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Cash flows from operating acitivities:		
Decrease in net assets	$ (5,527,340)	$ (2,523,119)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation and amortization	436,343	382,989
Change in provision for uncollectible accounts receivable	(3,461)	19,302
Loss on disposal of property and equipment	1,728	372
Donation of investments	1,946	10,108
Change in unamortized discount on contributions receivable	(7,898)	(6,906)
Net realized and unrealized losses on investments	66,744	200,430
Changes in assets and liabilities:		
Accounts receivable	(160,200)	(3,820)
Contributions receivable	1,885,546	(1,184,805)
Prepaid expenses	38,043	(5,138)
Cash - restricted	(329,426)	(617,617)
Accounts payable and accrued expenses	(99,931)	(130,741)
Deferred revenue	116,063	975,397
Total adjustments	1,945,497	(360,429)
Net cash used in operating activities	(3,581,843)	(2,883,548)
Cash flows from investing activities:		
Purchases of property and equipment	(81,701)	(482,856)
Purchases of investments	(1,529,710)	(3,519,638)
Proceeds from sales and maturities of investments	3,217,287	6,761,617
Net cash provided by investing activities	1,605,876	2,759,123
Net decrease in cash and cash equivalents	(1,975,967)	(124,425)
Cash and cash equivalents, beginning	4,420,774	4,545,199
Cash and cash equivalents, ending	$ 2,444,807	$ 4,420,774

See notes to financial statements.

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.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2013

		Supporting services		
	Program services	Management, general and administrative	Fundraising	Total
Payroll and benefits	$ 5,787,523	$ 1,281,560	$ 244,304	$ 7,313,387
Consultants	1,776,333	156,825	22,955	1,956,113
Travel	847,165	83,510	19,105	949,780
Telephone	351,364	78,560	16,221	446,145
Training and other events	393,712	48,212	365	442,289
Outsourced program support	383,826	-	-	383,826
Depreciation and amortization	294,287	72,070	16,632	382,989
Printing and copying	362,412	5,236	1,041	368,689
Rent and occupancy	217,403	51,577	11,877	280,857
Advertising and marketing	201,787	-	6,896	208,683
Professional services	124,038	52,640	3,770	180,448
Dues and subscriptions	65,532	9,891	10,793	86,216
Equipment and maintenance	54,795	12,323	2,846	69,964
Postage and shipping	43,718	2,798	2,022	48,538
Office supplies	36,966	8,738	1,227	46,931
Bad debts	19,302	-	-	19,302
Other	76,461	63,654	19,552	159,667
Total expenses	$ 11,036,624	$ 1,927,594	$ 379,606	$ 13,343,824

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

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 ® program (the Program) which is delivered through agencies (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 specially trained registered nurses, the Program assists the mothers during their pregnancies and up to the first two years of their first child's life. The Program helps 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 States, and receives funding from private foundations, federal and state 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.

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, at times, 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 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.

Investment expenses:

Expenses relating to investment income, including custodial fees and investment advisory fees of $33,870 and $43,128, respectively, for the years ended September 30, 2014 and 2013, 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, 2014 and 2013.

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 on-line Quality 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 ready for their intended use.

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 based on the difference between the assets' carrying values over their estimated fair values. Based on its review, management does not believe that any impairment has occurred as of September 30, 2014 and 2013.

Revenue recognition:

Contributions:

Contributions of cash and other assets received without donor stipulations are recorded as unrestricted revenue that increases unrestricted net assets. NFP recognizes contributions of cash and other assets as restricted revenue if they are received with donor stipulated time or purpose restrictions. 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.

Conditional pledges to give cash or other assets are recognized as contribution revenues and receivables only when the conditions are substantially met. Once the conditional requirements have been met, the pledge is recognized as temporarily restricted until it is actually realized.

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

Revenue recognition (continued):

Contributions (continued):

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 $298,868 and $608,441, respectively, for the years ended September 30, 2014, and 2013, 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 was capitalized.

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 and 2013, NFP held assets in custody for the benefit of others of $65,919 and $164,685, respectively (Note 4).

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 statement 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 39% of the 2014 contribution revenue and 76% of the 2013 contribution revenue from three donors. These three donors had one common donor for the years presented.

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, generally one year.

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

Revenue recognition (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, 2014 and 2013, management has recorded an allowance for doubtful accounts of $24,879 and $28,340, 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 statement 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 individuals that it serves, as well as to provide awareness to the general public of its services. Advertising and marketing expense was $107,144 and $208,683 for the years ended September 30, 2014 and 2013, 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.

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, 2014 and 2013, NFP did not have any accrued interest or penalties associated with any unrecognized tax positions, nor were any interest expense or penalties recognized during the years ended September 30, 2014 and 2013. There are open statutes of limitations for taxing authorities to audit NFP's tax returns for 2011 through the current period.

Recent accounting pronouncements:

In April 2013, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2013-06, *Not-for-Profit Entities: Services Received from Personnel of an Affiliate*. ASU 2013-06 addresses the recognition and measurement bases for services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity and for which the affiliate does not charge the recipient not-for-profit entity. The ASU is effective for NFP beginning October 1, 2014. Adoption is not expected to have a material impact on NFP's financial statements.

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, 2017 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.

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.

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.

Subsequent events:

Management evaluated subsequent events through December 22, 2014, the date that NFP's financial statements were available to be issued.

2. Transition plan

From 2008 – 2014, NFP was guided by a long-term business plan ("Business Plan") primarily funded by contributions received via a growth capital campaign. The purpose of the Business Plan was to guide NFP through a period of significant organizational change and growth. The Business Plan recognized that NFP would operate at a deficit during the growth years. Through 2013, management believes that NFP substantially met or exceeded all of the annual metrics outlined in the Business Plan. However, in 2014, management recognized that the Business Plan would no longer be an appropriate guide due to changing political, economic and social conditions.

Accordingly, NFP developed a transition plan ("Transition Plan") for 2015. The Transition Plan is designed to cover the period from December 2014 – September 2015 during which time NFP intends to develop a multi-year strategic plan. The Transition Plan contains steps to invest in high potential growth initiatives, fund certain organizational restructuring, and improve the Organization's financial condition. The Transition Plan was approved by the NFP Board of Directors in December, 2014. In addition, the Transition Plan was presented to potential funders, and NFP has received both grant awards and funding commitments for over 80% of the Transition Plan's capital requirement as of December 22, 2014. Successful attainment of the Transition Plan's objectives cannot be assured.

3. Contributions receivable

Contributions receivable consists of the following at September 30, 2014 and 2013:

Donor	2014	2013
Board member and family	$ 200,000	$ 400,000
Goodwill Industries	37,501	-
JPB Foundation	-	1,226,000
California Wellness Foundation	-	52,000
Aetna Foundation	-	25,850
Other	23,032	42,229
Current contributions receivable	260,533	1,746,079
Board member and family	400,000	800,000
Unamortized discount	(5,965)	(13,863)
Long-term contributions receivable	394,035	786,137
Total contributions receivable	$ 654,568	$ 2,532,216

Amounts scheduled to be received within the next twelve months are recorded at their net realizable value, while amounts to be received after the next twelve months are shown as long-term and are recorded at the present value of their estimated cash flows using a discount rate of 1%. The discount is amortized and accreted to contribution revenue. The long-term contribution receivable at September 30, 2014 is scheduled to be collected within two years.

4. 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, 2014 and 2013 was received from and was restricted to the following:

Donor	2014	2013
The JPB Foundation	$ 730,054	$ 545,921
The Duke Endowment / Blue Cross Blue Shield Foundation of SC (joint funding)	132,081	-
Tipping Point Community	91,384	47,005
The California Wellness Foundation	65,129	58,476
Nonprofit Finance Fund	34,288	-
Pennsylvania Dept. of Public Welfare	21,675	-
Aetna Foundation	-	40,347
Heising-Simons Foundation	-	34,891
The Hearst Foundations	-	21,672
Other	7,160	4,183
Purchasing Card Collateral (Note 11)	150,301	150,151
Total cash - restricted	$ 1,232,072	$ 902,646

Direct-Use Categories	2014	2013
Program implementation	$ 1,008,692	$ 583,627
Purchasing card collateral (Note 11)	150,301	150,151
Deposits held in custody for others	65,919	164,685
Program recipient assistance	7,160	1,936
Other	-	2,247
Total cash - restricted	$ 1,232,072	$ 902,646

8. 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, 2014 and 2013 are available for the following purposes or periods:

	2014	2013
For receipt in subsequent periods	$ 654,568	$ 2,532,216
Program implementation	784,376	472,786
Program recipient assistance	1,614	1,194
Total temporarily restricted net assets	$ 1,440,558	$ 3,006,196

9. 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, 2014 and 2013, payments to IIK were $47,293 and $74,790, respectively. Additionally, in 2014, IIK provided NFP with a grant totaling $11,361 restricted for the Colorado Supervisors meeting. The NFP Board Chair is related to the IIK Executive Director.

NFP has attended and participated in certain conference events sponsored by the National League of Nursing (NLN) for a fee. For the year ended September 30, 2013, NFP incurred expense of $30,000. No such expenses were incurred for the year ended September 30, 2014. The NFP Board Vice-Chair also served as the NLN CEO for 2014 and 2013.

NFP paid Seedworks Films $60,000 in 2013 to develop video clips and discussion guides that will be used for NFP education. No such expenses were incurred for the year ended September 30, 2014. A NFP Board member also served as the owner of Seedworks Films during 2014 and 2013.

NFP recorded site revenues of $27,679 and $29,505 from Guilford Child Development, an implementing agency in North Carolina, for program services provided in 2014 and 2013, respectively. Additionally, NFP paid $133,333 to Guilford in 2013 as part of a pass-through grant, no similar payments were made during 2014. A NFP Board member also served as the Executive Director of Guilford Child Development during 2014 and 2013.

NFP paid the University of Colorado, Prevention Research Center (PRC) $858,401 and $573,780 in 2014 and 2013, respectively, for research, program innovations, and Dyadic Assessment of Naturalistic Caregiver-Child Experiences (DANCE) education and licenses. In addition, NFP received $343,301 in revenue from PRC in 2014 in relation to the Child Welfare grant. As of September 30, 2014 and 2013, NFP owed $154,518 and $386,892, respectively, to PRC which is classified as 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.

10. 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, 2014 and 2013, total 401(k) contributions were $649,144 and $562,886, respectively.

11. 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, 2014 and 2013 was $277,575 and $280,857, respectively. Following are the minimum future operating lease payments:

Year Ending September 30	
2015	$ 309,765
2016	315,466
2017	52,736
Total lease commitment	$ 677,967

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 outstanding credit of $98,060 and $110,823, respectively, as of September 30, 2014 and 2013. 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. A certificate of deposit (Note 4) serves to collateralize the Purchasing Card activity.