NURSE-FAMILY PARTNERSHIP

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NURSE-FAMILY PARTNERSHIP

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

CONTENTS

CliftonLarsonAllen

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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 statement of financial position as of September 30, 2017, and the related statements of activities and cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Prior Auditor

The financial statements of Nurse-Family Partnership as of September 30, 2016 were audited by other auditors; whose report dated January 12, 2017, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
December 19, 2017

NURSE-FAMILY PARTNERSHIP

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2017 AND 2016
(IN THOUSANDS)

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,555	$ 6,489
Accounts receivable, net	1,751	1,578
Contributions receivable	470	601
Short-term investments	3,390	1,508
Prepaid expenses	380	296
Other assets	47	47
Total current assets	12,593	10,519
Investments	20,262	1,620
Property and equipment, net	839	743
	21,101	2,363
Total assets	$ 33,694	$ 12,882
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 2,422	$ 1,719
Pass-through grants	2,344	1,716
Deferred revenue	2,514	2,530
Total current liabilities	7,280	5,965
Long-term liabilities:		
Pass-through grants	1,509	-
Deferred rent	274	-
Total long-term liabilities	1,783	-
Total liabilities	9,063	5,965
Net assets:		
Temporarily restricted	836	1,512
Unrestricted	23,795	5,405
Total net assets	24,631	6,917
Total liabilities and net assets	$ 33,694	$ 12,882

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2017
(IN THOUSANDS)

	Unrestricted	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT			
Contributions	$ 27,792	$ 1,049	$ 28,841
Site revenues	7,958	-	7,958
Investment income	185	-	185
Net assets released from restrictions	1,725	(1,725)	-
Total revenues and other support	37,660	(676)	36,984
EXPENSES			
Program services	15,821	-	15,821
Supporting services:			
Management, general and administrative	2,263	-	2,263
Fundraising	1,186	-	1,186
Total expenses	19,270	-	19,270
CHANGE IN NET ASSETS	18,390	(676)	17,714
NET ASSETS, beginning of year	5,405	1,512	6,917
NET ASSETS, end of year	$ 23,795	$ 836	$ 24,631

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2016
(IN THOUSANDS)

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

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

(IN THOUSANDS)

	2017	2016
Cash flows from operating activities:		
Increase in net assets	$ 17,714	$ 630
Adjustments to reconcile increase in net assets		
to net cash provided by operating activities:		
Depreciation and amortization	341	331
Change in provision for uncollectible accounts receivable	(18)	2
Loss on disposal of property, plant and equipment	34	-
Net unrealized and realized change in investments	23	-
Change in accrued interest	(117)	-
Changes in assets and liabilities:		
Accounts receivable	(155)	(471)
Contributions receivable	131	(158)
Prepaid expenses	(84)	(128)
Accounts payable and accrued expenses	703	441
Pass-through grants	2,137	1,716
Deferred revenue	258	532
Total adjustments	3,253	2,265
Net cash provided by operating activities	20,967	2,895
Cash flows from investing activities:		
Purchases of property and equipment	(471)	(199)
Purchases of investments	(23,264)	(1,607)
Proceeds from sales and maturities of investments	2,834	991
Net cash used in investing activities	(20,901)	(815)
Net increase in cash and cash equivalents	66	2,080
Cash and cash equivalents, beginning	6,489	4,409
Cash and cash equivalents, ending	$ 6,555	$ 6,489

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2017

(IN THOUSANDS)

	Program services	Supporting services: Management, general and administrative	Supporting services: Fundraising	Total
Payroll and benefits	$ 9,309	$ 1,617	$ 772	$ 11,698
Advertising, enrollment promotion	1,920	-	12	1,932
Consultants	973	171	201	1,345
Travel	811	60	50	921
Outsourced program support	873	-	-	873
Telephone	548	97	35	680
Rent and occupancy	221	49	17	287
Depreciation and amortization	261	60	20	341
Printing and copying	248	3	10	261
Equipment and maintenance	173	39	13	225
Professional services	104	39	4	147
Training and other events	96	15	6	117
Dues and subscriptions	38	11	26	75
Postage and shipping	38	3	3	44
Office supplies and expenses	25	6	1	32
Legal	-	31	-	31
Other	183	62	16	261
Total expenses	$ 15,821	$ 2,263	$ 1,186	$ 19,270

See notes to financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2016

(IN THOUSANDS)

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

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 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 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 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 unrestricted, temporarily restricted, or permanently restricted net assets 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.

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, 2017 and 2016.

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 or the related asset or the lease term, without any consideration of any lease renewal option. During the year ended September 30, 2017, NFP changed its capitalization threshold from $2,000 to $5,000.

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, 2017 and 2016.

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.

The organization may, for various reasons, occasionally decide to return a contribution or portion thereof to a donor. When this occurs the organization reports contribution revenue net of any returned contributions. During the year ended, September 30, 2017 and 2016, NFP returned $347 and $341 of temporarily restricted contributions, which reduced temporarily restricted contribution revenue as reflected in the Statement of Activities for the year then ended.

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 $143 and $957 for the years ended September 30, 2017 and 2016, respectively, which were comprised primarily of consulting services, 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 program services or fundraising based on the nature of the donation.

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, 2017 and 2016, NFP held assets in custody for the benefit of others totaling $3,853 and $1,716, respectively (Note 6).

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

During the year ended September 30, 2016, NFP began an initiative to provide services in South Carolina under an agreement that contains a Pay for Success (PFS) element. In accordance with the agreement, a study is 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 agencies implementing the Program (Note 6), 3) Conditional payments to NFP from the state of South Carolina for the achievement of the aforementioned specified outcomes, to a maximum amount of $7,500. Any conditional payments under the agreement will be recorded upon substantial achievement of the contingent specified outcomes as noted above.

During the year ended September 30, 2017, NFP received conditional commitments totaling $51.5 million for unrestricted funding in support of an organizational growth plan (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, 2017 the organization recognized as revenue and received payments totaling $23 million which it considers as unrestricted support for the plan and has included in unrestricted contributions for the year.

Concentration:

NFP received 80% of 2017 contribution revenue effectively from or directed by a single source and 33% of 2016 contribution revenue from or directed by the same donor.

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

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 for the years ended September 30, 2017 or 2016.

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, 2017 and 2016, management has recorded an allowance for doubtful accounts of $9 and $27, respectively.

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

Expenses:

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

Advertising, 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 $1,932 and $773 for the years ended September 30, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016.

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

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.

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

In September 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 will change the current net asset classification requirements and the information presented in the financial statements and notes regarding liquidity, financial performance, and cash flows. This ASU is required to be adopted for annual periods beginning after December 15, 2017 and must be applied retrospectively. Management is currently evaluating the potential impact of this ASU on the Organization'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 19, 2017 the date that NFP's financial statements were available to be issued.

Reclassifications:

Certain reclassifications have been made to the 2016 financial statement presentation in order to conform to the 2017 presentation. Such reclassifications had no effect on previously reported net assets or changes in net assets amounts.

(IN THOUSANDS)

2. Contributions receivable:

Contributions receivable consists of the following at September 30, 2017 and 2016:

Donor	2017	2016
Foundations and organizations	$ 470	$ 401
Individuals	-	200
Total contributions receivable	$ 470	$ 601

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

3. Investments:

Investments are classified as short-term or long-term based on maturity date although all securities are marketable. Securities held at September 30, 2017 and 2016 consist of publically traded government and corporate debt instruments ranging in credit quality from Baa to Aaa with an average credit rating of Aa2 and Aa3 as of September 30, 2017 and 2016 respectively, with total value by instrument type indicated as follows:

	2017	2016
Government obligations	$ 11,873	$ -
Corporate obligations	10,446	3,114
Mortgage backed securities	1,202	-
Interest receivable	131	14
Total investments	$ 23,652	$ 3,128

The following schedule summarizes the investment income in the statements of activities for the years ended September 30, 2017 and 2016:

	2017	2016
Interest income	$ 208	$ 48
Net realized and unrealized income (losses)	(23)	-
Total investment income	$ 185	$ 48

Unrealized losses are primarily due to fluctuations in market interest rates.

4. Fair value measurements:

The following details the related fair value measurement as of September 30, 2017 and 2016:

	Level	2017	2016
Government obligations	1	$ 11,873	$ -
Mortgage backed securities	1	1,202	-
Corporate debt securities	1	10,446	3,114
Total		$ 23,521	$ 3,114

(IN THOUSANDS)

5. Property and equipment:

Property and equipment consists of the following at September 30, 2017 and 2016:

	2017	2016
Software and computers	$ 2,697	$ 2,767
Leasehold improvements	74	294
Furniture and fixtures	260	140
Software in progress	293	-
	3,324	3,201
Accumulated depreciation	(2,485)	(2,458)
Property and equipment, net	$ 839	$ 743

6. Pass-through grants:

During the year ended September 30, 2016, NFP began an initiative in South Carolina, which contains a Pay for Success (PFS) element. Under agreements for this initiative NFP receives monies from philanthropic funders, some of which it is required to distribute to implementing agencies which are part of the initiative. Due to the timing specified by the related funding and distribution schedules NFP holds some of these funds for a period of time. Accordingly, the amount of these funds it held at September 30, 2017 and 2016 of $3,853 and $1,716, respectively, is reflected as pass through grants on the statements of financial position.

7. Net assets – temporarily restricted:

Temporarily restricted net assets are the total restricted assets offset by related payables and commitments. Temporarily restricted net assets at September 30, 2017 and 2016 are available for the following purposes or periods:

	2017	2016
For receipt in subsequent periods	$ 309	$ 601
Program implementation	527	911
Total temporarily restricted net assets	$ 836	$ 1,512

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, 2017 and 2016, payments to IIK were $63 and $54, respectively. The NFP Board Chair is related to the IIK Executive Director.

NFP recorded site revenues of $8 and $20 in 2017 and 2016, respectively, from an implementing agency whose Executive Director serves on the NFP Board.

NFP recorded site revenues of $24 and $43 from Parkland Health and Hospital System, an implementing agency in Texas for program services provided in 2017 and 2016, respectively. The President and Chief Executive Officer of Parkland Health and Hospital System is a NFP Board member.

(IN THOUSANDS)

8. Related party transactions (continued):

In 2017 and 2016, NFP incurred expenses totaling $873 and $753, 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, 2017 and 2016, NFP owed $290 and $565, respectively, to PRC, which is included in accounts payable and accrued expenses on the accompanying statements of financial position. In addition, NFP received $5 in grant revenue from PRC in 2016. 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, 2017 and 2016, total 401(k) contributions were $811 and $733 respectively.

10. Commitments:

NFP leased office space in Denver, Colorado during fiscal year ending September 30, 2017 under two separate lease amendment agreements. One expired on November 30, 2016 and the other extends the lease 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.

Lease expense for the years ended September 30, 2017 and 2016 was $279 and $281, respectively. Following are the minimum future operating lease payments:

Year ending September 30,		
2018	$	274
2019		298
2020		308
2021		317
2022		326
Thereafter		679
Total lease commitment	$	2,202