

NURSE-FAMILY PARTNERSHIP
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022



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**NURSE-FAMILY PARTNERSHIP
TABLE OF CONTENTS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10



INDEPENDENT AUDITORS' REPORT

Board of Directors
Nurse-Family Partnership
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nurse-Family Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nurse-Family Partnership's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Nurse-Family Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nurse-Family Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2024, on our consideration of Nurse-Family Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Nurse-Family Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nurse-Family Partnership's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Denver, Colorado
May 9, 2024

**NURSE-FAMILY PARTNERSHIP
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash And Cash Equivalents	\$ 32,061,294	\$ 43,926,750
Accounts Receivable, Net	2,049,837	2,353,975
Contributions Receivable, Net	1,571,073	2,520,565
Short-Term Investments	36,241,297	33,707,625
Prepaid Expenses	344,365	704,465
Other Assets	50,874	50,874
Total Current Assets	<u>72,318,740</u>	<u>83,264,254</u>
LONG-TERM ASSETS		
Contributions Receivable	1,338,043	2,818,451
Investments	26,381,780	9,086,515
Property And Equipment, Net	1,697,675	2,518,320
Total Long-Term Assets	<u>29,417,498</u>	<u>14,423,286</u>
 Total Assets	 <u><u>\$ 101,736,238</u></u>	 <u><u>\$ 97,687,540</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable And Accrued Expenses	\$ 5,220,668	\$ 3,245,570
Distributions And Grants Payable	1,005,349	1,034,789
Deferred Revenue	2,843,793	3,072,283
Total Current Liabilities	<u>9,069,810</u>	<u>7,352,642</u>
LONG-TERM LIABILITIES		
Deferred Rent	-	68,223
Total Long-Term Liabilities	<u>-</u>	<u>68,223</u>
 Total Liabilities	 9,069,810	 7,420,865
NET ASSETS		
With Donor Restrictions	4,007,662	5,935,253
Without Donor Restrictions	88,658,766	84,331,422
Total Net Assets	<u>92,666,428</u>	<u>90,266,675</u>
 Total Liabilities And Net Assets	 <u><u>\$ 101,736,238</u></u>	 <u><u>\$ 97,687,540</u></u>

See accompanying Notes to Financial Statements.

**NURSE-FAMILY PARTNERSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Philanthropic Contributions	\$ 16,139,014	\$ 4,771,991	\$ 20,911,005
Site Revenues	13,303,734	-	13,303,734
Education Revenues	2,960,241	-	2,960,241
Investment Income	5,130,547	-	5,130,547
Other Income	16,607	-	16,607
Net Assets Released From Restrictions	6,699,582	(6,699,582)	-
Total Revenues And Other Support	44,249,725	(1,927,591)	42,322,134
EXPENSES			
Program Services	30,200,554		30,200,554
Supporting Services:			
Management, General And Administrative	7,317,306	-	7,317,306
Fundraising	2,404,521	-	2,404,521
Total Expenses	39,922,381	-	39,922,381
CHANGE IN NET ASSETS	4,327,344	(1,927,591)	2,399,753
Net Assets - Beginning of Year	84,331,422	5,935,253	90,266,675
NET ASSETS - END OF YEAR	<u>\$ 88,658,766</u>	<u>\$ 4,007,662</u>	<u>\$ 92,666,428</u>

See accompanying Notes to Financial Statements.

**NURSE-FAMILY PARTNERSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Philanthropic Contributions	\$ 59,010,061	\$ 5,355,482	\$ 64,365,543
Site Revenues	11,537,406	-	11,537,406
Education Revenues	2,855,737	-	2,855,737
Investment Income	(2,674,368)	-	(2,674,368)
Other Income	16,955	-	16,955
Net Assets Released From Restrictions	7,654,663	(7,654,663)	-
Total Revenues And Other Support	78,400,454	(2,299,181)	76,101,273
EXPENSES			
Program Services	29,423,701	-	29,423,701
Supporting Services:			
Management, General And Administrative	4,394,677	-	4,394,677
Fundraising	3,053,013	-	3,053,013
Total Expenses	36,871,391	-	36,871,391
CHANGE IN NET ASSETS	41,529,063	(2,299,181)	39,229,882
Net Assets - Beginning of Year	42,802,359	8,234,434	51,036,793
NET ASSETS - END OF YEAR	<u>\$ 84,331,422</u>	<u>\$ 5,935,253</u>	<u>\$ 90,266,675</u>

See accompanying Notes to Financial Statements.

**NURSE-FAMILY PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023**

	Program services			Supporting services		Total Expenses
	Nurse-Family Partnership	Child First	Subtotal	Management, General, and Administrative	Fundraising	
Payroll And Benefits	\$ 11,117,113	\$ 3,371,766	\$ 14,488,879	\$ 5,301,367	\$ 1,586,735	\$ 21,376,981
Consultants	3,293,841	2,265,988	5,559,829	1,155,125	366,808	7,081,762
Grants And Program Distributions	3,145,439	950,160	4,095,599	2,000	-	4,097,599
Technology	784,815	540,815	1,325,630	239,889	131,684	1,697,203
Outsourced Program Support	958,154	-	958,154	-	-	958,154
Advertising, Enrollment Promotion	843,405	11,569	854,974	9,530	29,873	894,377
Depreciation And Amortization	476,255	192,149	668,404	124,322	80,043	872,769
Rent And Occupancy	309,439	160,106	469,545	87,630	49,329	606,504
Travel	508,691	90,262	598,953	81,870	20,404	701,227
Training And Other Events	522,803	107,947	630,750	9,615	14,447	654,812
Professional Services	84,190	30,211	114,401	78,916	14,150	207,467
Dues And Subscriptions	112,869	7,289	120,158	15,396	4,145	139,699
Equipment And Maintenance	59,677	31,269	90,946	13,085	7,186	111,217
Postage And Shipping	42,588	6,416	49,004	7,625	24,742	81,371
Legal	-	-	-	89,346	-	89,346
Printing And Copying	39,617	3,895	43,512	3,389	47,398	94,299
Office Supplies And Expenses	2,042	12,423	14,465	2,016	411	16,892
Other	63,714	53,637	117,351	96,185	27,166	240,702
Total Expenses by Function	<u>\$ 22,364,652</u>	<u>\$ 7,835,902</u>	<u>\$ 30,200,554</u>	<u>\$ 7,317,306</u>	<u>\$ 2,404,521</u>	<u>\$ 39,922,381</u>

See accompanying Notes to Financial Statements.

**NURSE-FAMILY PARTNERSHIP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022**

	Program services			Supporting services		Total Expenses
	Nurse-Family Partnership	Child First	Subtotal	Management, General, and Administrative	Fundraising	
Payroll And Benefits	\$ 11,508,289	\$ 3,126,566	\$ 14,634,855	\$ 3,037,808	\$ 2,132,505	\$ 19,805,168
Consultants	2,854,777	2,005,003	4,859,780	664,051	318,223	5,842,054
Grants And Program Distributions	4,252,256	379,576	4,631,832	6,000	-	4,637,832
Technology	834,853	371,045	1,205,898	171,220	191,736	1,568,854
Outsourced Program Support	948,011	-	948,011	-	-	948,011
Advertising, Enrollment Promotion	829,656	15,514	845,170	2,456	100,749	948,375
Depreciation And Amortization	427,630	176,216	603,846	91,712	85,998	781,556
Rent And Occupancy	324,572	156,415	480,987	67,997	63,760	612,744
Travel	313,275	30,463	343,738	30,877	65,268	439,883
Training And Other Events	238,304	56,000	294,304	(8)	361	294,657
Professional Services	80,296	20,708	101,004	67,970	14,799	183,773
Dues And Subscriptions	115,013	12,286	127,299	13,320	5,165	145,784
Equipment And Maintenance	81,954	28,273	110,227	16,253	15,142	141,622
Postage And Shipping	53,594	7,065	60,659	12,037	19,566	92,262
Legal	2,399	611	3,010	72,310	482	75,802
Printing And Copying	37,553	2,362	39,915	2,225	3,233	45,373
Office Supplies And Expenses	13,637	11,142	24,779	8,184	2,497	35,460
Other	65,199	43,188	108,387	130,265	33,529	272,181
Total Expenses by Function	<u>\$ 22,981,268</u>	<u>\$ 6,442,433</u>	<u>\$ 29,423,701</u>	<u>\$ 4,394,677</u>	<u>\$ 3,053,013</u>	<u>\$ 36,871,391</u>

See accompanying Notes to Financial Statements.

**NURSE-FAMILY PARTNERSHIP
STATEMENT OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,399,753	\$ 39,229,882
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation And Amortization	872,769	781,556
Discount On Pledges Receivable	(16,111)	(28,068)
Net Unrealized And Realized Change In Investments	(1,943,736)	3,313,462
Change In Accrued Interest	(69,204)	5,659
Changes In Assets And Liabilities:		
Accounts Receivable	304,138	(708,681)
Contributions Receivable	2,446,011	1,946,695
Prepaid Expenses	360,100	(5,978)
Other Assets	-	10,953
Accounts Payable And Accrued Expenses	1,975,098	(456,804)
Distributions And Grants Payable	(29,440)	(643,032)
Deferred Revenue	(296,713)	622,000
Net Cash Provided by Operating Activities	<u>6,002,665</u>	<u>44,067,644</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases Of Property And Equipment	(52,124)	(227,937)
Purchases Of Investments	(45,567,480)	(82,731,045)
Proceeds From Sales And Maturities Of Investments	<u>27,751,483</u>	<u>63,581,088</u>
Net Cash Used by Investing Activities	<u>(17,868,121)</u>	<u>(19,377,894)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(11,865,456)</u>	<u>24,689,750</u>
Cash and Cash Equivalents - Beginning of Year	<u>43,926,750</u>	<u>19,237,000</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 32,061,294</u></u>	<u><u>\$ 43,926,750</u></u>

See accompanying Notes to Financial Statements.

**NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Nurse-Family Partnership (NFP or the Organization), is a nonprofit, tax-exempt, 501(c)(3) corporation established in 2003. On December 1, 2020, NFP acquired Child First, and is now doing business as the National Service Office for Nurse-Family Partnership and Child First (NSO). The NSO's primary objective is to replicate and grow the Nurse-Family Partnership® (NFP) and Child FirstSM programs (the Programs) which are delivered through network partners and affiliates throughout the United States. Network partners and affiliates are independent from the NSO and implement the Programs by contract.

Accordingly, the accompanying financial statements include the accounts of the NSO, and do not include the financial position or results of operations from any network partner, state, or affiliates.

Nurse-Family Partnership Program

The NFP Program is an evidence-based, nurse-home-visitation program that serves mothers and their children affected by social and economic inequalities. These families face barriers to healthcare and wellness resources that can impact health outcomes for themselves and their children. 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 uncover parents' innate strengths and skills as parents. Research consistently proves that Nurse-Family Partnership succeeds at its most important goals — keeping children and moms healthy and safe and assisting them in creating the lives they want for themselves.

This 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.

Child First Program

The Child First program (CF) helps to heal and protect vulnerable young children (zero to five years of age) and their families from the devastating effects of trauma and chronic stress by fostering the development of strong, nurturing, caregiver-child relationships, promoting adult capacity and connecting families with needed services. The CF model is an evidenced-based, in-home intervention that uses a two-pronged approach 1) connecting the family to comprehensive, integrated services, which decreases the toxic stress, and 2) providing a parent-child psycho-therapeutic intervention, which together build nurturing relationships, protect the developing brain, and optimize child developmental and health.

**NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Child First Program (Continued)

Regions implementing the CF model are selected for replication and provided intensive training and ongoing clinical consultation. The program began in 2001 out of Bridgeport Hospital in Connecticut, with early replication starting in 2010. As of September 30, 2023, there are fifteen affiliate sites providing services throughout Connecticut, two affiliate sites providing services in Palm Beach County, Florida, ten affiliate sites providing services that cover 29 counties in North Carolina, four affiliate sites in Louisiana, one affiliate site in Pennsylvania, and five affiliate sites in Colorado.

The NSO analyzes all process and outcome data from model implementation and certifies the Child First affiliate sites to ensure ongoing model fidelity. Additionally, the NSO works closely with funding partners supporting implementation of the model including the Connecticut Department of Children and Families, Children's Services Council of Palm Beach County, Florida, Trillium Health Services in North Carolina, and Invest in Kids, in Colorado.

Cash and Cash Equivalent Investments

The NSO 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 FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The NSO 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, the NSO 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, 2023 and 2022.

The NSO uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

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 statements 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 (four to seven 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.

The NSO'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 recorded an impairment loss of \$-0- in 2023 and 2022.

**NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the NSO 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.

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, 2023 and 2022, conditional contributions approximating \$1,830,000 and \$13,761,000, respectively, 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 NSO 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 \$1,246,547 and \$43,316 for the years ended September 30, 2023 and 2022, respectively, which were comprised primarily of donated goods, consulting and legal services, and donated marketable securities. The related expenses for donated services of \$-0- and \$4,006 for the years ended September 30, 2023 and 2022, respectively, were recognized within the statements of functional expenses under management, general, and administrative. The NSO has a policy to sell donated securities as soon as practical after they are received. For the years ended September 30, 2023 and 2022, donated stock totaled \$1,246,547 and \$39,310, respectively.

When the NSO receives contributions for the benefit of designated beneficiaries, and thus acts more as a conduit, the pass-through contribution is recognized as a liability and not as revenue. Assets held for the benefit of others are recorded as a liability. As of September 30, 2023 and 2022, NFP held no assets in custody for the benefit of others.

**NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions and Grants (Continued)

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, 2020, the NSO received additional conditional commitments without donor restrictions totaling \$70.5 million 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 years ended September 30, 2023 and 2022 the organization recognized as revenue and received payments totaling \$11,750,000 and \$18,500,000, respectively, which it considers as support without donor restrictions for the plan and such activity has included in contributions without donor restrictions for the year.

Concentration

The NSO received 56% of 2023 contribution revenue effectively from or directed by one source and 80% of 2022 contribution revenue effectively from or directed by two sources.

Site and Education Revenues

The Organization recognizes revenue at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for transferring goods and services to its customers using the following five step process:

1. Identify the contract(s) with customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) the Organization satisfies a performance obligation

**NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Site and Education Revenues (Continued)

The Organization enters into written contracts with network partners, affiliates, and states authorizing them to provide NFP and the programs as NSO implementing network partners, affiliates, and states. Site revenues primarily consist of revenue earned from network partners, affiliate agencies, and states for consulting and program support services. These services are recognized as revenue when the services are provided or are supported by a contract for which the NSO 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. No single network partner, affiliate, or state agency represents greater than 10% of total site revenues for the years ended September 30, 2023 or 2022.

Education revenues consist of revenue from training courses provided to nurse home visitors, supervisors, and administrators as it relates to proper implementation of the NSO's programs. Revenue is recognized once the training is provided.

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 both September 30, 2023 and 2022, management has recorded an allowance for doubtful accounts of \$85,898.

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 the NSO 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. The NSO 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 \$894,377 and \$948,375 for the years ended September 30, 2023 and 2022, respectively.

**NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Distributions and Grants Payable

Starting with the year ended September 30, 2018, the NSO has frequently 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

The NSO 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. The NSO received final determination as a public charity under Section 501(c)(3) of the IRC in December 2007. The NSO 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.

The NSO'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, 2023 and 2022, the NSO 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, 2023 and 2022.

Use of Estimates

The preparation of the NSO's financial statements in conformity with accounting principles generally accepted in the United States of America requires the NSO'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.

Recent and Upcoming Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The NSO adopted the requirements of the guidance effective October 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption. The adoption of the standard did not have a significant impact on the assets and liabilities reported on the statement of financial position.

**NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent and Upcoming Accounting Pronouncements (Continued)

Rent expense related to operating leases was \$304,760 and \$320,597 for the years ended September 30, 2023 and 2022, respectively.

Subsequent Events

Management evaluated subsequent events through May 9, 2024, the date that these financial statements were available to be issued.

NOTE 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 are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

	2023	2022
Cash and Cash Equivalents	\$ 32,061,294	\$ 43,926,750
Accounts Receivable, Net	2,049,837	2,353,975
Contributions Receivable	1,571,073	2,520,565
Investments	62,623,077	42,794,140
Total	98,305,281	91,595,430
Less: Net Assets With Donor Restrictions	(4,007,662)	(5,935,253)
Total	<u>\$ 94,297,619</u>	<u>\$ 85,660,177</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.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of the following at September 30:

	2023	2022
Type of Donor:		
Individuals	\$ 2,700,000	\$ 4,150,033
Public Support	74,554	57,291
Corporate	-	134,820
Foundations and Organizations	146,519	1,024,940
Subtotal	2,921,073	5,367,084
Less: Discount on Pledges Receivable	(11,957)	(28,068)
Total	<u>\$ 2,909,116</u>	<u>\$ 5,339,016</u>

**NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 3 CONTRIBUTIONS RECEIVABLE (CONTINUED)

Amounts scheduled to be received within the next 12 months were recorded at their net realizable value. At September 30, 2023, amounts are scheduled to be collected as follows:

<u>Year Ending September 30,</u>	
2024	\$ 1,571,073
2025	1,350,000
Total	<u>\$ 2,921,073</u>

NOTE 4 INVESTMENTS

Investments are classified as short-term or long-term based management's intent to hold the assets for short-term or long-term needs. Securities held at September 30, 2023 and 2022 consist of publicly traded government, money market, exchange-traded funds and corporate debt instruments with total value by instrument type indicated as follows:

	<u>2023</u>	<u>2022</u>
Money Markets	\$ 19,807,679	\$ 17,762,852
U.S. Government Obligations	6,025,862	5,592,300
Corporate Obligations	5,631,339	4,983,933
Foreign Obligations	1,677,715	2,106,008
Municipal Obligations	2,945,306	3,153,654
Equity - Domestic	7,488,214	2,555,293
Equity - International	250,397	86,871
Mutual Funds - Equity	10,620,196	3,613,424
Mutual Funds - Fixed Income	6,610,561	2,818,147
Limited Partnerships	1,374,945	-
Interest Receivable	190,863	121,658
Total Investments	<u>\$ 62,623,077</u>	<u>\$ 42,794,140</u>

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

	<u>2023</u>	<u>2022</u>
Interest Income	3,295,318	\$ 711,502
Net Realized and Unrealized Gains (Losses)	1,943,736	(3,313,462)
Investment Expense	(108,507)	(72,408)
Total Investment Income (Loss)	<u>\$ 5,130,547</u>	<u>\$ (2,674,368)</u>

Net realized and unrealized losses are primarily due to fluctuations in market return.

NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 5 FAIR VALUE MEASUREMENTS

The following table presents assets measured at fair value on a recurring basis, except those measured using NAV per share as a practical expedient as identified in the following, at September 30:

	Level 1	Level 2	Level 3	Total
<u>September 30, 2023</u>				
Corporate Obligations	\$ -	\$ 5,631,339	\$ -	\$ 5,631,339
Foreign Obligations	-	1,677,715	-	1,677,715
Municipal Obligations	-	2,945,306	-	2,945,306
Money Markets	19,807,679	-	-	19,807,679
U.S. Government Obligations	6,025,862	-	-	6,025,862
Equity - Domestic	7,488,214	-	-	7,488,214
Equity - International	250,397	-	-	250,397
Mutual Funds - Equity	10,620,196	-	-	10,620,196
Mutual Funds - Fixed Income	6,610,561	-	-	6,610,561
Total	<u>\$ 50,802,909</u>	<u>\$ 10,254,360</u>	<u>\$ -</u>	<u>\$ 61,057,269</u>
Investments Measured at NAV				1,374,945
Total Investments				<u>\$ 62,432,214</u>

	Level 1	Level 2	Level 3	Total
<u>September 30, 2022</u>				
Corporate Obligations	\$ -	\$ 4,983,933	\$ -	\$ 4,983,933
Foreign Obligations	-	2,106,008	-	2,106,008
Municipal Obligations	-	3,153,654	-	3,153,654
Money Markets	17,762,852	-	-	17,762,852
U.S. Government Obligations	5,592,300	-	-	5,592,300
Equity - Domestic	2,555,293	-	-	2,555,293
Equity - International	86,871	-	-	86,871
Mutual Funds - Equity	3,613,424	-	-	3,613,424
Mutual Funds - Fixed Income	2,818,147	-	-	2,818,147
Total	<u>\$ 32,428,887</u>	<u>\$ 10,243,595</u>	<u>\$ -</u>	<u>\$ 42,672,482</u>

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at September 30:

<u>September 30, 2023</u>	<u>Number of Investments</u>	<u>Fair value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Limited Partnerships	1	\$ 1,374,945	\$ -	Monthly	30 days

**NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	2023	2022
Software and Computers	\$ 7,276,591	\$ 7,061,206
Leasehold Improvements	117,050	117,050
Furniture and Fixtures	321,541	321,541
Software in Progress	-	163,260
Subtotal	7,715,182	7,663,057
Less: Accumulated Depreciation	(6,017,507)	(5,144,737)
Property and Equipment, Net	<u>\$ 1,697,675</u>	<u>\$ 2,518,320</u>

Depreciation and amortization expense totaled \$872,769 and \$781,556 for the years ended September 30, 2023 and 2022, respectively.

NOTE 7 DISTRIBUTIONS AND GRANTS PAYABLE

Grants which have been approved and are payable within the next fiscal year were \$1,005,349 and \$1,034,789 at September 30, 2023 and 2022, 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 in future periods were \$4,056,005 and \$3,690,416, respectively, as of September 30, 2023 and 2022.

NOTE 8 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, 2023 and 2022, are available for the following purposes or periods:

	2023	2022
Subject to Expenditure for Specified Purpose or Period:		
For Receipt in Subsequent Periods	\$ 2,687,385	\$ 4,913,142
Program Implementation	1,320,277	1,022,111
Total Net Assets With Donor Restrictions	<u>\$ 4,007,662</u>	<u>\$ 5,935,253</u>

**NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

	2023	2022
Expiration of Time Restrictions	\$ 1,875,889	\$ 2,150,000
Satisfaction of Purpose Restrictions:		
Program Implementation	4,823,693	5,504,663
Total Net Assets Released from Donor Restrictions	<u>\$ 6,699,582</u>	<u>\$ 7,654,663</u>

NOTE 9 RELATED PARTY TRANSACTIONS

The NSO recorded site revenues of \$97,297 and \$24,711 from Parkland Health and Hospital System, a network partner in Texas for program services provided in 2023 and 2022, respectively. The President and Chief Executive Officer of Parkland Health and Hospital System is an NSO Board member.

In 2023 and 2022, the NSO incurred expenses totaling \$958,154 and \$948,011, 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, 2023 and 2022, the NSO owed \$493,293 and \$350,250, 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.

NOTE 10 RETIREMENT PLAN

The NSO 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. The NSO contributes 10% of the employees' compensation, which vests immediately. For the years ended September 30, 2023 and 2022, total 401(k) contributions were \$1,259,371 and \$1,437,570, respectively.

NOTE 11 RISKS AND UNCERTAINTIES

State Grants

The NSO participates in certain state and federal grant programs. The use of grants in programs is subject to future review by the grantors. Such reviews may result in the NSO having liabilities to the grantors.

**NURSE-FAMILY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022**

NOTE 12 SUBSEQUENT EVENT

The NSO settled a legal dispute with an external party on October 6, 2023. As part of the settlement, the NSO agreed to payments totaling approximately \$2,300,000. The full amount of agreed-upon payments were made in October 2023. This amount was recorded as of year-end due to the matter originating before September 30, 2023.



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