

NURSE-FAMILY PARTNERSHIP

FINANCIAL STATEMENTS

September 30, 2007 and 2006

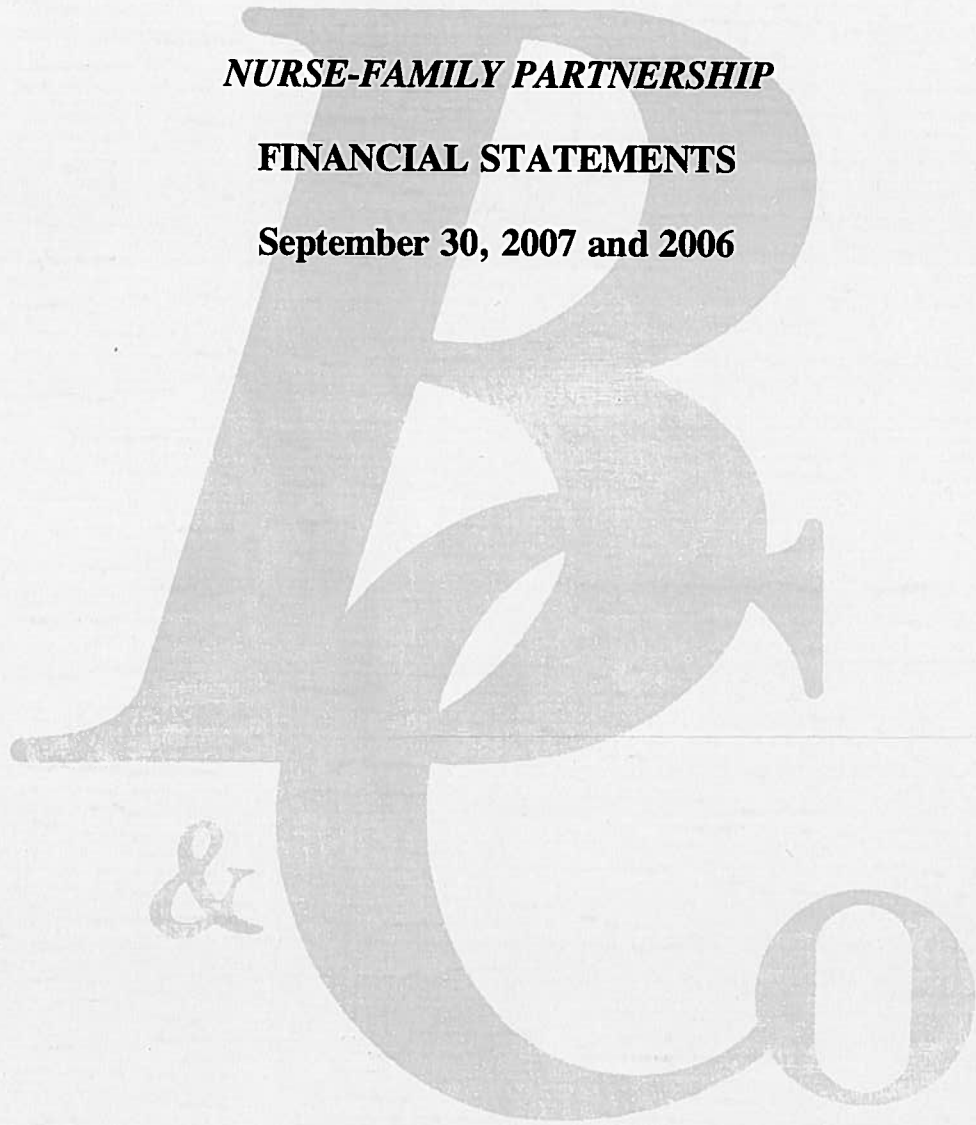


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BONDI & Co. LLC

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**Nurse-Family Partnership
Board of Directors
Denver, Colorado**

Independent Auditors' Report

We have audited the accompanying statement of financial position of Nurse-Family Partnership as of September 30, 2007 and 2006, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Nurse-Family Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 5, 2007, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

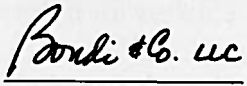


Affiliate Offices Worldwide

**Nurse-Family Partnership
Board of Directors
Denver, Colorado
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Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise Nurse-Family Partnership's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

December 5, 2007


BONDI & Co. LLC

NURSE-FAMILY PARTNERSHIP

STATEMENT OF FINANCIAL POSITION

September 30, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash	\$ 427,286	\$ 543,666
Accounts Receivable, Net of Allowance for Doubtful Accounts	420,369	494,422
Contribution Receivable	5,936,134	315,225
Prepaid Expenses	76,304	20,010
Other Assets	500	500
Total Current Assets	6,860,593	1,373,823
PROPERTY AND EQUIPMENT, Net (Note 4)	337,682	148,838
OTHER ASSETS		
Cash - Restricted (Note 3)	686,536	272,009
Total Assets	7,884,811	1,794,670
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	351,756	100,690
Accrued Payroll	185,258	240,753
Accrued Expenses	154,911	289,597
Deferred Revenues	741,190	668,249
Total Liabilities	1,433,115	1,299,289
NET ASSETS		
Temporarily Restricted	2,525,726	516,174
Unrestricted	3,925,970	(20,793)
Total Net Assets	6,451,696	495,381
Total Liabilities and Net Assets	\$ 7,884,811	\$ 1,794,670

The accompanying notes are an integral part of the financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2007

	Unrestricted	Temporarily Restricted	Totals
REVENUES, GAINS AND OTHER SUPPORT			
Public Support			
Contributions - Foundations	\$ 6,877,893	\$ 3,106,666	\$ 9,984,559
Contributions - Federal and States	661,033		661,033
Contributions - Individuals	349,881		349,881
Contributions - In-kind	389		389
Non-Site Revenues	116,797		116,797
Site Revenues	1,607,089		1,607,089
Interest and Dividend Income	46,064	30,910	76,974
Net Assets Released from Restriction	1,128,024	(1,128,024)	
	10,787,170	2,009,552	12,796,722
 EXPENSES			
Program Operating Expense	5,632,812		5,632,812
Supporting Services:			
General and Administrative	840,098		840,098
Fund-raising and Other	367,497		367,497
	6,840,407		6,840,407
CHANGE IN NET ASSETS	3,946,763	2,009,552	5,956,315
NET ASSETS, Beginning of Year	(20,793)	516,174	495,381
NET ASSETS, End of Year	\$ 3,925,970	\$ 2,525,726	\$ 6,451,696

The accompanying notes are an integral part of the financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>
REVENUES, GAINS AND OTHER			
Public Support			
Contributions - Foundations	\$ 123,111	\$	\$ 123,111
Contributions - Federal and States	646,779		646,779
Contributions - Individuals	96,265		96,265
Non-Site Revenues	9		9
Site Revenues	1,320,161		1,320,161
Interest and Dividend Income	48,119	16,165	64,284
Net Assets Released from Restriction	2,532,355	(2,532,355)	
	<hr/>	<hr/>	<hr/>
Total Revenues, Gains and Other Support	4,766,799	(2,516,190)	2,250,609
EXPENSES			
Program Operating Expense	4,382,986		4,382,986
Supporting Services:			
General and Administrative	980,330		980,330
Fund-raising and Other	231,097		231,097
	<hr/>	<hr/>	<hr/>
Total Expenses	5,594,413		5,594,413
CHANGE IN NET ASSETS	(827,614)	(2,516,190)	(3,343,804)
NET ASSETS, Beginning of Year	806,821	3,032,364	3,839,185
	<hr/>	<hr/>	<hr/>
NET ASSETS, End of Year	\$ (20,793)	\$ 516,174	\$ 495,381
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The accompanying notes are an integral part of the financial statement

NURSE-FAMILY PARTNERSHIP

STATEMENT OF CASH FLOWS

For the Years Ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Contributors and Fund-raising	\$ 7,172,316	\$ 2,619,466
Cash Paid to Employees	(3,373,041)	(2,837,127)
Cash Paid to Suppliers	(3,325,920)	(2,535,554)
Interest and Dividends Received	76,974	64,284
Net Cash Provided by (Used in) Operating Activities	<u>550,329</u>	<u>(2,688,931)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of Property and Equipment	<u>(252,182)</u>	<u>(73,663)</u>
Net Cash Used in Investing Activities	<u>(252,182)</u>	<u>(73,663)</u>
Increase (Decrease) in Cash and Cash Equivalents	298,147	(2,762,594)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>815,675</u>	<u>3,578,269</u>
CASH AND CASH EQUIVALENTS, End of Year	<u><u>1,113,822</u></u>	<u><u>815,675</u></u>
CASH AND CASH EQUIVALENTS:		
Cash	427,286	543,666
Cash - Restricted	686,536	272,009
Total Cash and Cash Equivalents	<u><u>1,113,822</u></u>	<u><u>815,675</u></u>
RECONCILIATION OF CHANGES IN NET ASSETS TO CHANGES IN NET ASSETS PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
Change in Net Assets	5,956,315	(3,343,804)
Adjustments to Reconcile Net Assets to Net Cash Provided by (Used In) Operating Activities		
Depreciation	63,339	32,013
Bad Debt Expenses		10,876
Loss on Disposal Property and Equipment		5,202
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(5,546,857)	238,538
Increase in Deferred Revenues	72,941	194,603
(Increase) Decrease in Prepaid Expenses	(56,294)	16,493
Increase (Decrease) in Accounts Payable	251,066	(29,086)
Increase (Decrease) in Accrued Payroll	(55,495)	96,637
Increase (Decrease) in Accrued Expenses	(134,686)	89,597
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 550,329</u></u>	<u><u>\$ (2,688,931)</u></u>

The accompanying notes are an integral part of the financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2007

	Program	Supporting Services			Totals
		Management and General	Fund-raising and Other	Total Supporting Services	
EXPENSES:					
Payroll and Benefits	\$ 2,522,325	\$ 614,019	\$ 181,202	\$ 795,221	\$ 3,317,546
Outsourced Program Support	1,564,776				1,564,776
Consultants	266,130	49,471	97,525	146,996	413,126
Travel	228,486	31,956	5,251	37,207	265,693
Rent & Occupancy	124,246	8,072	28,586	36,658	160,904
Training & Other Events	180,793	12,116	3,675	15,791	196,584
Printing & Copying	96,930	2,452	12,655	15,107	112,037
Telephone	71,271	8,367	12,329	20,696	91,967
Depreciation Expense	34,264	21,192	7,883	29,075	63,339
Equipment Rental & Maintenance	22,411	2,306	5,038	7,344	29,755
Office Supplies & Expenses	24,593	4,565	2,706	7,271	31,864
Accounting	38,475	27,571	2,427	29,998	68,473
Postage & Shipping	20,969	3,612	2,657	6,269	27,238
Client Services	374,969				374,969
Other Expenses	19,342	12,408	1,360	13,768	33,110
Advertising	26,255				26,255
Dues & Subscriptions	8,530	210	3,529	3,739	12,269
Legal	378	34,325		34,325	34,703
Bad Debts					
Staff Development	7,592	1,282	656	1,938	9,530
Insurance	77	6,174	18	6,192	6,269
Total	\$ 5,632,812	\$ 840,098	\$ 367,497	\$ 1,207,595	\$ 6,840,407

The accompanying notes are an integral part of the financial statements.

NURSE-FAMILY PARTNERSHIP

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2006

	Program	Supporting Services			Totals
		Management and General	Fund-raising and Other	Total Supporting Services	
EXPENSES:					
Payroll	\$ 2,064,720	\$ 679,654	\$ 189,390	\$ 869,044	\$ 2,933,764
Consulting	1,628,096	29,851	9,140	38,991	1,667,087
Travel	162,175	55,550	8,150	63,700	225,875
Rent	111,380	31,836	8,902	40,738	152,118
Professional Services	40,237	79,080	2,761	81,841	122,078
Events	97,326	4,834	7	4,841	102,167
Printing	71,798	2,525	677	3,202	75,000
Telephone	46,927	11,842	3,611	15,453	62,380
Depreciation	21,427	8,871	1,715	10,586	32,013
Equipment Rental and Maintenance	23,935	5,812	1,618	7,430	31,365
Office Supplies	23,625	5,238	904	6,142	29,767
Accounting		26,124		26,124	26,124
Postage	19,579	2,945	526	3,471	23,050
Client Services	21,387				21,387
Miscellaneous	2,926	15,890	97	15,987	18,913
Advertising	14,545	306	2,002	2,308	16,853
Dues and Subscriptions	12,003	993	524	1,517	13,520
Legal	166	10,758		10,758	10,924
Bad Debt	7,997	2,239	640	2,879	10,876
Staff Development	10,373	3	244	247	10,620
Insurance	2,364	5,979	189	6,168	8,532
Total	\$ 4,382,986	\$ 980,330	\$ 231,097	\$ 1,211,427	\$ 5,594,413

The accompanying notes are an integral part of the financial statements.

NURSE-FAMILY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS

September 30, 2007 and 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nurse-Family Partnership (Organization) was established in September of 2003 and began operations in October of 2003. The Organization is an evidence-based nurse home visitation program that serves low-income, first-time mothers and their children. These mothers and their newborns face significant long-term and short-term risks to their health, personal development, and economic well-being. Through regular visits with specially trained registered nurses, the Organization helps mothers during their pregnancies and the first two years of the first child's life. Using the Organization's visitation guidelines, nurses help develop behaviors that yield better pregnancies and better parents to have emotionally and physically healthier children and gain greater economic self-sufficiency. The Organization receives funding from private foundations, federal and state grants, other public support, and charges for services.

The Organization reports in accordance with the American Institute of Certified Public Accountants industry audit and accounting guide, *Not-for-Profit Organizations*.

The accompanying financial statements are presented in accordance with Statements of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* (SFAS No. 116) and No. 117, *Financial Statements of Not-for-Profit Organizations* (SFAS No. 117). SFAS No. 116 generally requires contributions received or made, including unconditional promises to give, to be recognized in the period received or made, respectively, at fair value. SFAS No. 117 defines not-for-profit financial statement presentation, requires the presentation of a statement of cash flows, and requires that amounts be classified based on the presence or absence of donor-imposed restrictions.

Under SFAS No. 117, the financial statements report amounts separately by class of net assets:

Unrestricted Net Assets - amounts currently available for use in the Organization's operations, and those resources invested in property and equipment.

Temporarily Restricted Net Assets - amounts stipulated by donors for specific operating purposes or future periods.

NURSE-FAMILY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 2007 and 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanently Restricted Net Assets - amounts stipulated by donors to be maintained in perpetuity.

On September 30, 2007 and 2006, the Organization has temporarily restricted net assets of \$2,525,726 and \$516,174, respectively. The restrictions are for pledges receivable in future years. The Organization has no permanently restricted net assets as of September 30, 2007 and 2006.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain common costs have been allocated between program and supporting services.

The preparation of the Organization's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires the Organization's management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash.

The Organization's cash is in demand deposit accounts placed with a major financial institution. Such deposit accounts, at times, may exceed federally insured limits.

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Property and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets (5 years) using the straight-line method. All assets with a useful life of one year or more and costing more than \$500 are capitalized.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.

NURSE-FAMILY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 2007 and 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Conditional promises to give cash or other assets are recognized as contribution revenues and receivables when the conditions are substantially met.

On September 30, 2007 and 2006, the Organization had \$8,000,000 and \$4,750,000 in conditional promises from the Edna McConnell Clark Foundation. As of September 30, 2007 and 2006, the conditions have not been substantially met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or 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 net assets in which restrictions are met in the same year as receipt are classified as unrestricted net assets.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

All advertising costs are expensed as incurred.

Fund-raising revenues are recognized as commitments when received, or upon completion of the specified fund-raising event when the amount can be more 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.

Other revenues are recognized when earned.

Volunteers from the community have donated a significant number of hours in assisting the Organization. The value of this contributed time is not reflected in the accompanying financial statements, in as much as no objective basis is available to measure the value of such services.

Management has provided an allowance for doubtful accounts for the accounts receivable outstanding based upon its estimate of potential losses.

NURSE-FAMILY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (Continued) September 30, 2007 and 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization has initially been determined exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes is included in the accompanying financial statements. The advance ruling period for the Organization began on September 15, 2003 and continues until September 30, 2007. At this point, the Organization is not considered a private foundation.

NOTE 2: CASH AND INVESTMENTS

The Organization maintains cash accounts in commercial banks. These accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. For the year ended September 30, 2007 and 2006, the Organization had bank balances of \$1,225,476 and \$732,837 respectively on deposits in excess of FDIC limits.

NOTE 3: RESTRICTED CASH

A donor stipulated fund has been established pursuant to a performance agreement between the Organization and W.K. Kellogg Foundation (Kellogg Foundation). The fund is to be used to improve the health and well-being of low-income, first-time parents and their children by helping communities replicate and sustain an evidence-based program of home visitation by registered nurses. The balance of these accounts is \$309,857 as of September 30, 2007.

The Organization entered into a contribution agreement with Doris Duke Foundation, dated December 6, 2004, to provide a three-year grant in the amount of \$978,000 for the expansion of nursing home visiting services. The restrictions are for pledges receivable in future years. As of September 30, 2007 and 2006, this restricted cash balance for the Organization is \$93,071 and \$272,009, respectively.

NURSE-FAMILY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 2007 and 2006

NOTE 3: RESTRICTED CASH (Continued)

The Organization entered into contribution agreements with Picower Foundation (Picower) and Children's Service Council of Palm Beach County (Council), dated August 31, 2007 and May 25, 2007, respectively. The restrictions are for development of clinical information system. As of September 30, 2007, restricted cash balances for the Picower and Council are \$82,289, and \$83,333, respectively.

The Organization entered into a grant agreement with State of Pennsylvania Department of Public Welfare, Office of Child Development. The restriction is to implement the Nurse-Family Partnership Program in Pennsylvania. As of September 30, 2007, restricted cash balance is \$114,412.

Also, at September 30, 2007, there are other restricted cash balances totaling \$3,574 for future periods.

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Property and equipment, at September 30, 2007, is comprised of the following:

<u>By Classification:</u>	<u>9/30/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2007</u>
Leasehold Improvements	\$ 16,052	\$ 43,434	\$	\$ 59,486
Furniture and Fixtures	143,704	107,327		251,031
Software	42,054	101,422		143,476
Total	<u>201,810</u>	<u>252,183</u>		<u>453,993</u>
Accumulated Depreciation	<u>(52,972)</u>	<u>(63,339)</u>		<u>(116,311)</u>
Net	<u>\$ 148,838</u>	<u>\$ 188,844</u>	<u>\$</u>	<u>\$ 337,682</u>

Depreciation expenses as of September 30, 2007 are \$63,339.

NURSE-FAMILY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 2007 and 2006

NOTE 4: PROPERTY, PLANT AND EQUIPMENT (Continued)

Property and equipment at September 30, 2006 is comprised of the following:

<u>By Classification:</u>	<u>9/30/2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2006</u>
Leasehold Improvements	\$ 16,052		\$	\$ 16,052
Furniture and Fixtures	99,458	53,421	(9,175)	143,704
Software	21,812	20,242		42,054
Total	<u>137,322</u>	<u>73,663</u>	<u>(9,175)</u>	<u>201,810</u>
Accumulated Depreciation	<u>(24,932)</u>	<u>(32,013)</u>	<u>3,973</u>	<u>(52,972)</u>
Net	<u>\$ 112,390</u>	<u>\$ 41,650</u>	<u>\$ (5,202)</u>	<u>\$ 148,838</u>

Depreciation expenses as of September 30, 2006 are \$32,103.

NOTE 5: CONCENTRATION

In 2007 and 2006 respectively, the Organization received 55% and 0% of its revenue from one private foundation.

NOTE 6: RELATED PARTY TRANSACTIONS

Invest In Kids (IIK), an affiliate of the Organization by virtue of a shared board member, performs certain clinical consultation and program management functions on behalf of the Organization in the state of Colorado.

During 2006, the Organization reached an agreement in principle with IIK under which the Organization would share 25% of the Technical Assistance revenue that the Organization earns from Colorado sites with IIK. For the year ended September 30, 2007 and 2006 respectively, the amount shared with IIK was \$0 and \$34,224, which was recorded as accounts payable.

NURSE-FAMILY PARTNERSHIP

NOTES TO THE FINANCIAL STATEMENTS (Continued)

September 30, 2007 and 2006

NOTE 7: RETIREMENT PLAN

The Organization participates in a 401(k) plan through its Professional Employer Organization Relationship with ADP, covering all employees who have completed three months of service and have attained age 21. The employer contributes 10% of the employees' compensation. For the years ended September 30, 2007 and 2006 respectively, total pension fund contributions were \$255,280 and \$202,336.

NOTE 8: LEASES

The Organization has an operating lease for an office in Denver, Colorado. The terms of the lease began May 1, 2005 and end May 31, 2010. The lease was amended in May 2007 to include additional space. The following is the minimum future operating lease payments:

<u>Year Ending</u>	<u>Amount</u>
September 30, 2008	197,606
September 30, 2009	209,350
September 30, 2010	142,358
Total	<u>\$ 549,314</u>

The lease payments for the years ending September 30, 2007 and 2006 amounted to \$158,163 and \$149,195, respectively.

NOTE 9: COMMITMENT

On June 26, 2007, the Organization signed an agreement with Courtyard Philadelphia Downtown to hold a special event from September 28 to October 3, 2008. The minimum payment for lodging, facility rental, and foods is \$20,070.

ADDITIONAL INFORMATION

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NURSE-FAMILY PARTNERSHIP

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2007

Federal Agency/Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed Through Programs from		
Child Care and Development Block Grant	93.575	\$ 500,344
Medicare Assistance Program	93.778	62,255
Center of Disease Control and Prevention	93.136	54,154
Maternal and Child Health Services Block Grant	93.994	<u>33,784</u>
Total		<u>\$ 650,537</u>

See the note to schedule of expenditures of federal awards.

NURSE-FAMILY PARTNERSHIP

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2007

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in the accompanying financial statements.



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**Board of Directors
Nurse-Family Partnership
Denver, Colorado**

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

We have audited the financial statements of Nurse-Family Partnership (Organization) as of and for the year ended September 30, 2007, and have issued our report thereon dated December 5, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.



**Board of Directors
Nurse-Family Partnership
Denver, Colorado**

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

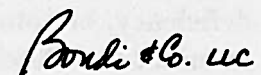
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Organization in a separate letter dated December 5, 2007.

This report is intended solely for the information and use of management, others within the Organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 5, 2007


BONDI & Co. LLC



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**Board of Directors
Nurse-Family Partnership
Denver, Colorado**

**Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Nurse-Family Partnership (Organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended September 30, 2007. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.



**Board of Directors
Nurse-Family Partnership
Denver, Colorado**

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2007.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

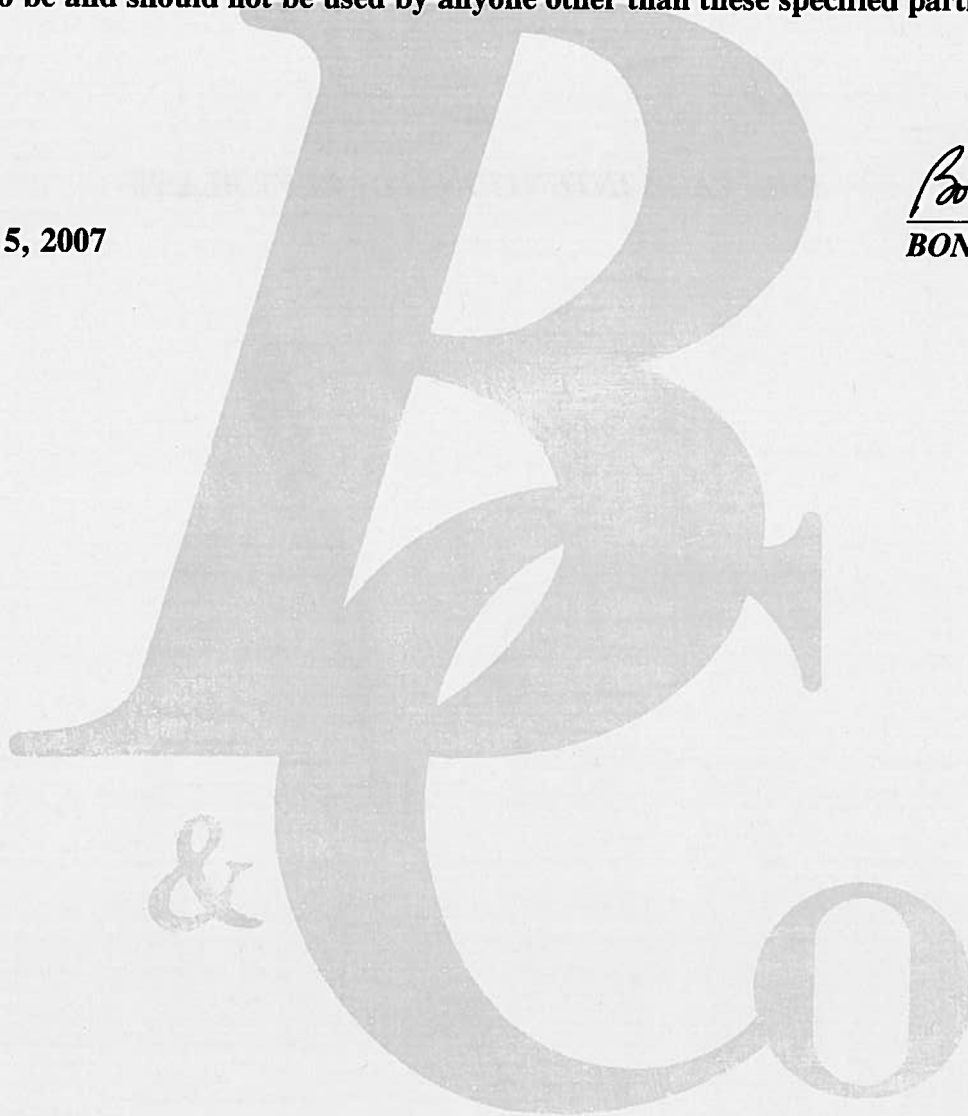
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

**Board of Directors
Nurse-Family Partnership
Denver, Colorado**

This report is intended solely for the information and use of management, others within the Organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 5, 2007

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NURSE-FAMILY PARTNERSHIP

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2007

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified
Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified not
considered to be material weaknesses? yes no
Noncompliance material to financial
statements noted? yes no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified not
considered to be material weaknesses? yes no

Type of auditors' report issued on compliance
for major programs: Unqualified
Any audit findings disclosed that are required
to be reported in accordance with Circular A-133,
Section .510(a)? yes no

Identification of major program:

CFDA No. 93.575 Department of Health and Human Services for Child Care and
Development Block Grant

Dollar threshold used to distinguish between
Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

NURSE-FAMILY PARTNERSHIP

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended September 30, 2007

Section II - Financial Statement Findings

There were no findings relating to Nurse-Family Partnership's financial statements for the year ended September 30, 2007.

Section III - Federal Award Findings and Questioned Costs

There were no findings relating to Nurse-Family Partnership's major federal program during testing for the year ended September 30, 2007.

Section IV - Prior Year Findings

No single audit was performed for the year ended September 30, 2006.