
NURSES FOR NEWBORNS

FINANCIAL STATEMENTS

JUNE 30, 2016



nurses for newborns
SAVING BABIES. STRENGTHENING FAMILIES.

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Independent Auditors' Report

Board of Directors
Nurses for Newborns
St. Louis, Missouri

Report On The Financial Statements

We have audited the accompanying financial statements of Nurses for Newborns, a not-for-profit organization, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows 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 this financial statement 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 statement is free from material misstatement.

An audit includes performing procedures to obtain evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 Nurses for Newborns as of June 30, 2016, 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.

Report On Summarized Comparative Information

We have previously audited Nurses for Newborns' 2015 financial statements, and our report dated September 22, 2015 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

September 6, 2016

NURSES FOR NEWBORNS

STATEMENT OF FINANCIAL POSITION

June 30, 2016

(With Summarized Information As Of June 30, 2015)

Assets

	2016	2015
Current Assets		
Cash and cash equivalents (Note 2)	\$ 1,546,245	\$ 1,043,458
Promises to give (Note 3)	163,603	196,418
Accounts receivable	281,026	314,764
Prepaid expenses	68,874	45,069
Other	3,008	3,008
Total Current Assets	2,062,756	1,602,717
Property And Equipment (Note 4)	196,268	214,093
Total Assets	\$ 2,259,024	\$ 1,816,810

Liabilities And Net Assets

Current Liabilities		
Accounts payable and accrued expenses	\$ 205,885	\$ 238,011
Net Assets		
Unrestricted	1,660,559	1,266,957
Temporarily restricted (Note 8)	392,580	311,842
Total Net Assets	2,053,139	1,578,799
Total Liabilities And Net Assets	\$ 2,259,024	\$ 1,816,810

NURSES FOR NEWBORNS

STATEMENT OF ACTIVITIES For The Year Ended June 30, 2016

(With Summarized Information For The Year Ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Total	
			2016	2015
Revenue And Support				
Contributions	\$ 924,876	\$ 323,009	\$ 1,247,885	\$ 1,145,688
Federal, state and local grants	2,900,078	—	2,900,078	2,444,081
Other contracts	113,083	—	113,083	87,070
Special events	664,011	—	664,011	587,387
Investment income	2,164	—	2,164	1,416
Other	18,196	—	18,196	18,246
Net assets released from restrictions (Note 8)	242,271	(242,271)	—	—
Total Revenue And Support	4,864,679	80,738	4,945,417	4,283,888
Expenses				
Program services	3,553,919	—	3,553,919	3,350,982
General and administrative	358,754	—	358,754	360,363
Fundraising	558,404	—	558,404	499,094
Total Expenses	4,471,077	—	4,471,077	4,210,439
Increase In Net Assets	393,602	80,738	474,340	73,449
Net Assets - Beginning Of Year	1,266,957	311,842	1,578,799	1,505,350
Net Assets - End Of Year	\$ 1,660,559	\$ 392,580	\$ 2,053,139	\$ 1,578,799

NURSES FOR NEWBORNS

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2016

(With Summarized Information For The Year Ended June 30, 2015)

	Program Services	Supporting Services		2016	2015
		General And Administrative	Fundraising		
Salaries	\$ 2,060,336	\$ 242,599	\$ 296,185	\$ 2,599,120	\$ 2,587,864
Contract labor	62,313	—	—	62,313	55,360
Employee benefits	219,259	18,556	30,569	268,384	301,842
Mileage	104,203	1,537	1,696	107,436	115,921
Payroll taxes	145,702	18,262	20,498	184,462	184,637
Advertising	—	534	4,188	4,722	6,537
Bad debt expense	2,426	—	—	2,426	1,895
Cellular communications	27,836	1,628	1,412	30,876	37,183
Computer	2,486	—	4,727	7,213	9,814
Depreciation and amortization	56,235	12,309	—	68,544	56,604
Dues and subscriptions	1,409	1,379	1,124	3,912	3,070
Equipment	16,839	4,980	—	21,819	25,226
Family assistance	314,823	—	—	314,823	176,243
Insurance	73,463	6,935	—	80,398	78,857
Meals and entertainment	2,395	923	708	4,026	7,292
Miscellaneous	5,364	1,647	203	7,214	6,348
Occupancy	116,510	16,433	5,262	138,205	134,774
Office supplies	13,234	4,779	3,555	21,568	16,625
Postage	4,344	2,343	912	7,599	7,933
Printing	1,193	—	5,391	6,584	4,637
Professional fees	258,593	6,366	100	265,059	186,932
Repairs and maintenance	5,982	6,092	—	12,074	9,466
Seminars	2,688	450	693	3,831	3,095
Service charges	9,319	4,204	—	13,523	10,189
Special events	—	—	91,487	91,487	73,039
Special events - inkind	—	—	89,694	89,694	63,052
Taxes and license fees	—	354	—	354	1,533
Teaching aids	—	—	—	—	1,603
Telephone	18,288	486	—	18,774	18,471
Training	25,794	—	—	25,794	19,917
Travel	2,885	5,958	—	8,843	4,480
	\$ 3,553,919	\$ 358,754	\$ 558,404	\$ 4,471,077	\$ 4,210,439

NURSES FOR NEWBORNS

STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2016

(With Summarized Information For The Year Ended June 30, 2015)

	2016	2015
Cash Flows From Operating Activities		
Increase in net assets	\$ 474,340	\$ 73,449
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Contributions restricted for investment in property and equipment	(123,934)	—
Loss on disposal of fixed assets	1,476	1,856
Depreciation and amortization	68,544	56,604
Changes in assets and liabilities:		
(Increase) decrease in promises to give and accounts receivable	76,196	(168,158)
(Increase) decrease in prepaid expenses	(23,805)	335
Increase (decrease) in accounts payable and accrued expenses	(32,126)	7,793
Net Cash Provided By (Used In) Operating Activities	440,691	(28,121)
Cash Flows Used In Investing Activities		
Purchases of property and equipment	(52,195)	(130,761)
Cash Flows Provided By Financing Activities		
Proceeds from contributions restricted for investment in property and equipment	114,291	—
Net Increase (Decrease) In Cash And Cash Equivalents	502,787	(158,882)
Cash And Cash Equivalents - Beginning Of Year	1,043,458	1,202,340
Cash And Cash Equivalents - End Of Year	\$ 1,546,245	\$ 1,043,458

NURSES FOR NEWBORNS
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1. Operations And Significant Accounting Policies

Nurses for Newborns (the Organization) is a not-for-profit Missouri corporation whose purpose is to provide education to parents of infant children and the skills necessary to provide positive parenting, thereby decreasing infant mortality and child abuse. The Organization has two branches of operation. One branch is located in St. Louis, Missouri and the second is located in Nashville, Tennessee.

Basis Of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in ways that provide relevant information about their interrelationships, liquidity and financial stability. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Organization does not have any permanently restricted net assets.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Estimates And Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

NURSES FOR NEWBORNS

Notes To Financial Statements (*Continued*)

Promises To Give

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give, which depend on specified future and uncertain events, are recognized as support when the conditions upon which they depend are substantially met. Promises to give are stated at the amount management expects to collect from outstanding balances. Management has determined that an allowance for uncollectible promises to give is not necessary.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that a valuation allowance at June 30, 2016 is not considered necessary.

Property And Equipment

Property and equipment are stated at cost if purchased and fair market value if contributed. Major renewals and betterments are charged to the property accounts while replacements, maintenance, and repairs, which do not improve or extend the lives of the respective assets, are charged to expense as incurred. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the respective assets, which range from three to seven years. A capitalization policy of \$1,000 has been established to record capital asset additions.

NURSES FOR NEWBORNS

Notes To Financial Statements (*Continued*)

Restricted And Unrestricted Revenue And Support

The Organization reports gifts of cash and other assets as unrestricted, temporarily restricted or permanently restricted, depending on the existence and/or nature of any donor restrictions. All donor-restricted support subject to donor stipulations that limit its use as restricted support is reported 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 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. When contributions are received in the same period that the corresponding restrictions are met, such amounts are shown as increases in unrestricted support on the statement of activities.

Federal, State And Local Grants, Other Contracts And Deferred Revenue

Federal, state and local grants and other contracts revenue relates to obligations for the performance of specific program activities. Revenue is recognized as the Organization meets its obligations under the contracts and agreements, and revenue is deferred when payments are received prior to performance of the designated program activities.

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Program Services

Program services include those expenditures that enable the Organization to fulfill its mission. The following activities have been implemented by the Organization to meet this goal.

The Organization provides a safety net for families who are expecting a baby or have an infant at home. Program services are provided through home visiting by experienced, registered nurses who provide healthcare and resources, screen for common concerns, and teach positive parenting skills. The overall goal is to prevent infant mortality, and to promote safe, healthy pregnancy and infancy.

NURSES FOR NEWBORNS

Notes To Financial Statements (*Continued*)

The Organization provides services to families who have one or more risk factors. This includes babies who are born with medical problems, born to teen moms or born to mothers with disabilities/mental health concerns, or who are born into families who do not have money for basic necessities. Families are referred by hospitals, other healthcare providers, and social service agencies or can request services on their own.

Registered nurses, employed by the Organization, serve families through an evidence-informed home visiting model and provide core services, including: 1) health assessments of the infant and mother 2) extensive screening, including maternal depression, infant developmental delays, and risk for child abuse/neglect 3) teaching on infant care, safe sleep, formula preparation/breastfeeding, CPR and more and 4) resources and referral for needed services. Counseling services and community health worker support may be added to the care plans of families with additional needs. Families enrolled in the Organization's services are assisted whenever possible with donated materials needed for safe care. In addition to professional staff, the Organization welcomes hundreds of volunteers each year who help manage the logistics of this work.

The key outcomes achieved by the Organization's programs in 2016 were as follows (stated in percentages achieved):

	Missouri	Tennessee
Received appropriate immunization	97%	97%
Did not have a safety related injury	98%	99%
Avoided unnecessary visits to the ER	95%	98%

General And Administrative

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure private financial support from corporations, foundations and individuals through fundraising events and other development activities.

NURSES FOR NEWBORNS

Notes To Financial Statements (*Continued*)

Expense Allocation

Direct and indirect expenses are charged to program services and supporting activities on the basis of estimates derived by management. These estimates are based on time spent by employees on the various programs and supporting activities, as well as the number of visits conducted, by program. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Advertising Costs

The Organization's policy is to recognize advertising costs as the costs are incurred. Advertising expenses were \$4,722 for the year ended June 30, 2016.

Subsequent Events

Management has evaluated subsequent events through September 6, 2016, the date which the financial statements were available for issue.

Income Tax Status

The Organization qualifies as a tax-exempt organization, as defined in Section 501(c)(3) of the Internal Revenue Code and is, therefore, exempt from federal income taxes on related exempt income.

2. Cash And Cash Equivalents

The Organization considers all investments with a maturity of three months or less to be cash equivalents. The Organization places all of its cash and cash equivalents with major financial institutions but has not limited the amount of credit exposure on its accounts. At times, cash balances were in excess of Federal Deposit Insurance Corporation (FDIC) limits.

3. Promises To Give

As of June 30, 2016, promises to give are expected to be collected in the following time periods:

Less than one year	\$ 123,603
One to five years	<u>40,000</u>
	<u><u>\$ 163,603</u></u>

NURSES FOR NEWBORNS

Notes To Financial Statements (*Continued*)

4. Property And Equipment

Property and equipment consists of:

Office equipment	\$ 251,594
Leasehold improvements	160,177
Furniture and fixtures	76,528
Software	174,068
	<u>662,367</u>
Less: Accumulated depreciation and amortization	<u>466,099</u>
	<u>\$ 196,268</u>

Depreciation and amortization charged to expense amounted to \$68,544 in 2016.

5. Commitments And Contingencies

Amounts received from grants or agencies are subject to audit and adjustments by the grantor or agencies. Any disallowed costs, including amounts already collected, may constitute a liability for the Organization. The amounts, if any, of expenditures, which may be disallowed by the grantor, are recorded at the time that such amounts can be reasonably determined, normally upon notification from the grantor or agency. During the year ended June 30, 2016, no such adjustments were made.

The Organization leases office space and certain office equipment for its programs under various operating leases expiring at various points through September 2021.

Future minimum payments due over the remaining terms of the leases are as follows:

<u>For The Years Ending June 30,</u>	<u>Amount</u>
2017	\$ 88,605
2018	64,719
2019	30,594
2020	19,219
2021	8,636
	<u>\$ 211,773</u>

Expenses incurred under such agreements totaled \$116,114 for 2016.

NURSES FOR NEWBORNS

Notes To Financial Statements (*Continued*)

6. Employee Benefit Plan

The employees of the Organization participate in a Simple IRA Plan. The Organization's contributions are equal to the participating employee's contribution, not to exceed 3% of the participant's salary. During the year ended June 30, 2016, the Organization's contributions totaled \$27,119.

7. Line Of Credit

The Organization has a line of credit with a local financial institution allowing for maximum borrowings up to \$100,000. The line of credit is unsecured, and requires monthly payments of interest at the lender's prime rate (3.5% at June 30, 2016) plus 1.12%, but never less than 5% of the outstanding borrowings, with all outstanding interest and borrowings due at maturity on March 31, 2017. There was no outstanding balance on the line of credit at June 30, 2016.

8. Net Assets

At June 30, 2016, net assets have been temporarily restricted by time or purpose as follows:

Purpose restricted	\$ 298,620
Time restricted	<u>93,960</u>
	<u><u>\$ 392,580</u></u>

Net assets were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the following donors:

Purpose restricted	\$ 160,552
Time restricted	<u>81,719</u>
	<u><u>\$ 242,271</u></u>

Independent Auditors' Report On Supplementary Information

Board of Directors
Nurses for Newborns
St. Louis, Missouri

We have audited the financial statements of Nurses for Newborns as of and for the year ended June 30, 2016, and our report thereon dated September 6, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenues, support and expenses for Tennessee and St. Louis, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

September 6, 2016

NURSES FOR NEWBORNS

SCHEDULE OF REVENUES, SUPPORT AND EXPENSES - TENNESSEE

	For The Years Ended June 30,	
	2016	2015
Revenue And Support		
Contributions	\$ 85,608	\$ 141,143
Federal, state and local grants	527,547	588,070
Foundation and Agency grants	199,096	249,472
Special events	88,443	75,137
Other	(65)	(61)
Total Revenue And Support	900,629	1,053,761
Expenses		
Salaries	496,624	568,333
Employee benefits	34,601	46,088
Mileage	20,906	23,948
Payroll taxes	37,572	41,552
Advertising	474	488
Cellular communications	8,239	9,047
Computer	970	1,426
Depreciation and amortization	13,994	13,498
Dues and subscriptions	472	531
Equipment	770	817
Family assistance	9,744	3,774
Insurance	22,815	23,164
Meals and entertainment	1,253	2,548
Miscellaneous	732	433
Occupancy	44,197	45,379
Office supplies	6,445	7,439
Postage	1,259	1,285
Printing	447	—
Professional fees	121,779	117,901
Repairs and maintenance	11,839	7,291
Seminars	1,435	640
Service charges	1,165	—
Special events	16,774	13,389
Taxes and license fees	240	290
Telephone	4,859	6,504
Training	19,650	18,304
Travel	5,208	1,865
Total Expenses	884,463	955,934
Excess Of Revenue And Support Over Expenses	\$ 16,166	\$ 97,827

NURSES FOR NEWBORNS

SCHEDULE OF REVENUES, SUPPORT AND EXPENSES - ST. LOUIS

	For The Years Ended June 30,	
	2016	2015
Revenue And Support		
Contributions	\$ 422,113	\$ 335,155
Federal, state and local grants	2,372,531	1,856,011
Foundation and Agency grants	541,068	419,918
Other contracts	113,083	87,070
Special events	575,568	512,250
Other	20,425	19,723
Total Revenue And Support	4,044,788	3,230,127
Expenses		
Salaries	2,102,496	2,019,531
Contract labor	62,313	55,360
Employee benefits	233,783	255,754
Mileage	86,530	91,973
Payroll taxes	146,890	143,085
Advertising	4,248	6,049
Bad debt expense	2,426	1,895
Cellular communications	22,637	28,136
Computer	6,243	8,388
Depreciation and amortization	54,550	43,106
Dues and subscriptions	3,440	2,539
Equipment	21,049	24,409
Family assistance	305,079	172,469
Insurance	57,583	55,693
Meals and entertainment	2,773	4,744
Miscellaneous	6,482	7,518
Occupancy	94,008	89,395
Office supplies	15,123	9,186
Postage	6,340	6,648
Printing	6,137	4,637
Professional fees	143,280	69,031
Repairs and maintenance	235	2,175
Seminars	2,396	2,455
Service charges	12,358	10,189
Special events	74,953	59,650
Special events - inkind	89,454	63,052
Taxes and license fees	114	1,243
Telephone	13,915	11,967
Training	6,144	1,613
Travel	3,635	2,615
Total Expenses	3,586,614	3,254,505
Excess (Deficiency) Of Revenue And Support Over Expenses	\$ 458,174	\$ (24,378)