

Ampersand Families
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the 18 Months Ended June 30, 2009

Carpenter Evert
Certified Public Accountants

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Independent Auditor's Report

Board of Directors
Ampersand Families
Minneapolis, Minnesota

We have audited the accompanying statements of financial position of Ampersand Families as of June 30, 2009, and the related statement of activities and changes in net assets, functional expense and cash flows for the 18 months then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Ampersand Families as of June 30, 2009, and its changes in net assets and its cash flows for the 18 months then ended in conformity with accounting principles generally accepted in the United States of America.

Carpenter Evert & Associates, P.C.

Certified Public Accountants

Minneapolis, Minnesota
September 29, 2009

AMPERSAND FAMILIES
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE 18 MONTHS ENDED JUNE 30, 2009

Support and Revenue:	
Contributions	\$ 482,268
Government Grants	94,900
Program Service Fees	4,216
Special Events (Less Expenses of \$3,571)	3,421
Investment Income	3,635
Miscellaneous Income	105
Total Support and Revenue	<u>588,545</u>
Expense:	
Program Services	191,467
Support Services:	
Management and General	42,558
Fundraising	12,029
Total Support Services	<u>54,587</u>
Total Expense	<u>246,054</u>
Change in Net Assets	342,491
Net Assets - Unrestricted - Beginning of Year	<u>-</u>
Net Assets - Unrestricted - End of Year	<u>\$ 342,491</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

AMPERSAND FAMILIES
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 281,579
Accounts Receivable	26,400
Pledges and Grants Receivable	15,000
Prepaid Expenses	5,871
Total Current Assets	<u>328,850</u>
Property and Equipment - Net	<u>31,145</u>
TOTAL ASSETS	<u>\$ 359,995</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 1,690
Accrued Salaries and Vacation	13,862
Other Liabilities	1,952
Total Current Liabilities	<u>17,504</u>
Total Unrestricted Net Assets	<u>342,491</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 359,995</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

AMPERSAND FAMILIES
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE 18 MONTHS ENDED JUNE 30, 2009

	Support Services				Total All Services
	Total Program Services	Management & General	Fund- raising	Total Support Services	
Salaries	\$ 87,009	\$ 14,698	\$ 4,902	\$ 19,600	\$ 106,609
Employee Benefits	12,270	2,073	691	2,764	15,034
Payroll Taxes	7,745	1,308	437	1,745	9,490
Total Personnel Costs	<u>107,024</u>	<u>18,079</u>	<u>6,030</u>	<u>24,109</u>	<u>131,133</u>
Professional Fees	39,367	6,463	4,085	10,548	49,915
Occupancy	16,072	7,158	995	8,153	24,225
Office Expense	5,229	2,780	71	2,851	8,080
Transportation	7,110	196	16	212	7,322
Program Expense	4,076	793	231	1,024	5,100
Insurance	3,808	714	238	952	4,760
Miscellaneous	2,154	1,673	31	1,704	3,858
Telecommunication	1,587	1,050	44	1,094	2,681
Staff and Volunteer Development	293	966	-	966	1,259
Membership Dues	-	528	-	528	528
Depreciation	4,747	2,158	288	2,446	7,193
Total Expense	<u>\$ 191,467</u>	<u>\$ 42,558</u>	<u>\$ 12,029</u>	<u>\$ 54,587</u>	<u>\$ 246,054</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

AMPERSAND FAMILIES
STATEMENT OF CASH FLOWS
FOR THE 18 MONTHS ENDED JUNE 30, 2009

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 342,491
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	7,193
Donation of Furniture and Equipment	(22,475)
Increase (Decrease) in Liabilities:	
Accounts Payable	1,690
Accrued Salaries and Vacation	13,862
Other Liabilities	1,952
Decrease (Increase) in Assets:	
Accounts Receivable	(26,538)
Pledges and Grants Receivable	(15,000)
Prepaid Expenses	(5,871)
Total Adjustments	<u>(45,187)</u>
Net Cash Provided by Operating Activities	297,304
Cash Flows from Investing Activities:	
Purchases of Property and Equipment	(15,725)
Cash Flows from Financing Activities:	
None	<u>-</u>
Net Increase in Cash and Cash Equivalents	281,579
Cash and Cash Equivalents - Beginning of Year	<u>-</u>
Cash and Cash Equivalents - End of Year	<u>\$ 281,579</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
FOR THE 18 MONTHS ENDED JUNE 30, 2009

1. Summary of Significant Accounting Policies

Organizational Purpose

Ampersand Families (The Organization) is a Minnesota nonprofit corporation. The purpose of the Organization is to recruit and support permanent families for older youth, and to champion practices in adoption and permanency that restore belonging, dignity and hope.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to Ampersand Families, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Unrestricted Net Assets – Net assets which are neither permanently nor temporarily restricted by donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as unrestricted net assets. At June 30, 2009, no board designated funds were held.

Temporarily Restricted Net Assets – The part of net assets of the Organization resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Permanently Restricted Net Assets – Those resources subject to a donor-imposed stipulation that they should be maintained permanently by the Organization. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

At June 30, 2009, Ampersand Families held no restricted funds.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

All Leasehold improvements and equipment in excess of \$1,500 are capitalized at cost if purchased, or an estimated market value if donated. Depreciation is provided using the straight-line method over an estimated useful life.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
FOR THE 18 MONTHS ENDED JUNE 30, 2009

1. Summary of Significant Accounting Policies (continued)

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as temporarily or permanently restricted until the donor-imposed restrictions expire or are fulfilled. Temporarily restricted net assets are reclassified to unrestricted in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions (except when the receipt and expiration occur in the same period in which case the contribution is shown as unrestricted.)

Promises-To-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as refundable advances. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Ampersand Families will record such disallowance at the time the final assessment is made.

Functional Allocation of Expense

Expenses are recorded in functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based on the best estimates of management.

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible.

The Organization has elected to defer the application of FASB Interpretation No. 48 (FIN 48) until June 30, 2010, and is currently evaluating the effects, if any, that FIN 48 may have on the financial statements.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
FOR THE 18 MONTHS ENDED JUNE 30, 2009

1. Summary of Significant Accounting Policies (continued)

Risks and Uncertainties

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions can affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through September 29, 2009, which is the date financial statements were available to be issued.

2. Significant Concentrations of Credit Risk

Ampersand Families provides services throughout Minnesota. The amounts due for accounts, grants and contributions receivable are from local residents, governments or institutions.

3. Property and Equipment

The Organization owned the following as of June 30, 2009:

		<u>Estimated Useful Lives</u>
Leasehold Improvements	\$ 7,580	10 years
Furniture and Equipment	22,475	3-10 years
Computer Equipment	<u>8,283</u>	3-5 years
	38,338	
Less Accumulated Depreciation	<u>7,193</u>	
	<u>\$ 31,145</u>	

Depreciation expense of \$7,193 was recorded for the 18 months ended June 30, 2009.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
FOR THE 18 MONTHS ENDED JUNE 30, 2009

4. In-kind Contributions

The Organization records in-kind contributions at fair market value at date of donation. In-kind contributions include the following as of June 30, 2009:

Professional Fees	\$ 24,275
Furniture and Equipment	22,475
Program Expense	2,655
Printing	<u>2,000</u>
	<u>\$ 51,405</u>

5. Affiliated Party Activity

The Organization has a management agreement with Pillsbury United Communities. Management fee expense of \$18,834 was reported by the Organization for the 18 months ended June 30, 2009. In addition, the Organization had \$1,952 due to Pillsbury United Communities at June 30, 2009.

6. Leased Facilities

Rental commitments under noncancelable leases for office space in effect at June 30, 2009, totaled \$58,800. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2010	\$ 29,400
2011	<u>29,400</u>
	<u>\$ 58,800</u>

Rental expense was \$23,275 for the 18 months ended June 30, 2009.

7. Conditional Promise-to-Give

Ampersand Families received a \$75,000 conditional promise-to-give in the 18 months ended June 30, 2009. There is a one-to-two match (\$1 of contributions for every \$2 of conditional contributions) on a \$50,000 grant in the year ending June 30, 2010 and there is a two-to-one match (\$2 of contributions for every \$1 of conditional contributions) on a \$25,000 grant in the year ending June 30, 2011. This grant was not recognized as contribution revenue in the 18 months ended June 30, 2009, since the conditions have not been met.