

Ampersand Families
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Year Ended June 30, 2010
and 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, 2010 and 2009, and the related statement of activities and changes in net assets, functional expense and cash flows for the year and 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 audits.

We conducted our audits 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 audits provide 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, 2010 and 2009, and its changes in net assets and its cash flows for the year and 18 months then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants

Minneapolis, Minnesota
September 29, 2010

AMPERSAND FAMILIES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010, AND THE 18 MONTHS ENDED JUNE 30, 2009

	2010		2009	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Support and Revenue:				
Contributions	\$ 77,718	\$ 30,000	\$ 430,863	\$ -
In-kind Contributions	9,113	-	51,405	-
Government Grants	193,880	-	94,900	-
Program Service Fees	2,792	-	4,216	-
Special Events (Less Expenses of \$-0- in 2010 and \$3,571 in 2009)	3,954	-	3,421	-
Investment Income	1,204	-	3,635	-
Miscellaneous Income	2,777	-	105	-
Net Assets Released from Restrictions:				
Satisfaction of Program Restrictions	1,152	(1,152)	-	-
Total Support and Revenue	292,590	28,848	588,545	-
Expense:				
Program Services	324,218	-	191,467	-
Support Services:				
Management and General	77,305	-	42,558	-
Fundraising	13,622	-	12,029	-
Total Support Services	90,927	-	54,587	-
Total Expense	415,145	-	246,054	-
Change in Net Assets	(122,555)	28,848	342,491	-
Net Assets - Unrestricted - Beginning of Year	342,491	-	-	-
Net Assets - Unrestricted - End of Year	\$ 219,936	\$ 28,848	\$ 342,491	\$ 342,491

The accompanying Notes to Financial Statements are an integral part of these statements.

AMPERSAND FAMILIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash and Cash Equivalents	\$ 185,791	\$ 281,579
Accounts Receivable	48,106	26,400
Pledges and Grants Receivable	1,013	15,000
Prepaid Expenses	10,388	5,871
Total Current Assets	<u>245,298</u>	<u>328,850</u>
Property and Equipment - Net	<u>25,418</u>	<u>31,145</u>
TOTAL ASSETS	<u>\$ 270,716</u>	<u>\$ 359,995</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 3,251	\$ 1,690
Accrued Salaries and Vacation	18,681	13,862
Other Liabilities	-	1,952
Total Current Liabilities	<u>21,932</u>	<u>17,504</u>
Net Assets:		
Unrestricted	219,936	342,491
Temporarily Restricted	28,848	-
Total Net Assets	<u>248,784</u>	<u>342,491</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 270,716</u>	<u>\$ 359,995</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

AMPERSAND FAMILIES
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2010

	Support Services				Total All Services
	Total Program Services	Management & General	Fund- raising	Total Support Services	
Salaries	\$ 186,508	\$ 17,846	\$ 5,948	\$ 23,794	\$ 210,302
Employee Benefits	27,871	2,667	889	3,556	31,427
Payroll Taxes	18,929	1,811	604	2,415	21,344
Total Personnel Costs	<u>233,308</u>	<u>22,324</u>	<u>7,441</u>	<u>29,765</u>	<u>263,073</u>
Professional Fees	10,094	40,031	3,025	43,056	53,150
Occupancy	23,622	4,440	1,476	5,916	29,538
Transportation	18,597	163	5	168	18,765
Office Expense	5,074	2,205	308	2,513	7,587
Insurance	4,731	1,860	223	2,083	6,814
In-Kind Expense	5,714	551	184	735	6,449
Telecommunication	4,383	1,167	200	1,367	5,750
Miscellaneous	3,404	2,032	277	2,309	5,713
Program Expense	4,948	208	229	437	5,385
Staff and Volunteer Development	2,555	1,296	3	1,299	3,854
Membership Dues	354	310	12	322	676
Depreciation	7,434	718	239	957	8,391
Total Expense	<u>\$ 324,218</u>	<u>\$ 77,305</u>	<u>\$ 13,622</u>	<u>\$ 90,927</u>	<u>\$ 415,145</u>

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

EXHIBIT D

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	10,437	6,463	4,085	10,548	20,985
Occupancy	16,072	7,158	995	8,153	24,225
Transportation	7,110	196	16	212	7,322
Office Expense	5,229	2,780	71	2,851	8,080
Insurance	3,808	714	238	952	4,760
In-kind Expense	28,930	-	-	-	28,930
Telecommunication	1,587	1,050	44	1,094	2,681
Miscellaneous	2,154	1,673	31	1,704	3,858
Program Expense	4,076	793	231	1,024	5,100
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
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010 AND THE 18 MONTHS ENDED JUNE 30, 2009

	2010	2009
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (93,707)	\$ 342,491
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	8,391	7,193
Donation of Furniture and Equipment	(2,664)	(22,475)
Increase (Decrease) in Liabilities:		
Accounts Payable	1,561	1,690
Accrued Salaries and Vacation	4,819	13,862
Other Liabilities	(1,952)	1,952
Decrease (Increase) in Assets:		
Accounts Receivable	(21,706)	(26,538)
Pledges and Grants Receivable	13,987	(15,000)
Prepaid Expenses	(4,517)	(5,871)
Total Adjustments	(2,081)	(45,187)
Net Cash Provided (Used) by Operating Activities	(95,788)	297,304
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	-	(15,725)
Cash Flows from Financing Activities:		
None	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(95,788)	281,579
Cash and Cash Equivalents - Beginning of Year	281,579	-
Cash and Cash Equivalents - End of Year	\$ 185,791	\$ 281,579

The accompanying Notes to Financial Statements
are an integral part of these statements.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND 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, 2010, 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.

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 YEAR ENDED JUNE 30, 2010 AND 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. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. 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.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND 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, 2010, 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. Major Sources of Support

Major sources of support were as follows as of:

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
State of Minnesota – Department of Human Services	\$ 193,880	\$ 94,900
Otto Bremer Foundation	50,000	75,000
Mardag Foundation	30,000	-
Board of Director's Contributions	2,050	1,646
Purple Moon Foundation	-	300,000

4. Property and Equipment

The Organization owned the following as of:

	<u>June 30,</u>		
	<u>2010</u>	<u>2009</u>	<u>Estimated Useful Lives</u>
Leasehold Improvements	\$ 7,580	\$ 7,580	10 years
Furniture and Equipment	22,475	22,475	3-10 years
Computer Equipment	<u>10,947</u>	<u>8,283</u>	3-5 years
	41,002	38,338	
Less Accumulated Depreciation	<u>15,584</u>	<u>7,193</u>	
	<u>\$ 25,418</u>	<u>\$ 31,145</u>	

Depreciation expense was recorded in the amounts of \$8,391 for the year ended June 30, 2010, and \$7,193 for the 18 months ended June 30, 2009.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND THE 18 MONTHS ENDED JUNE 30, 2009

5. 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,	
	2010	2009
Program Expense	\$ 3,793	\$ 2,655
Professional Fees	2,656	24,275
Furniture and Equipment	2,664	22,475
Printing	-	2,000
	\$ 9,113	\$ 51,405

6. Affiliated Party Activity

The Organization contracts management services, and as of January 1, 2010, services once provided by Pillsbury United Communities were then provided by MACC CommonWealth. Management fee expense of \$33,283 was reported by the Organization for the year ended June 30, 2010, of which \$19,579 was paid to Pillsbury United Communities and \$13,704 to MACC CommonWealth. For the 18 months ended June 30, 2009, \$18,834 was paid to Pillsbury United Communities. In addition, the Organization had \$1,952 due to Pillsbury United Communities at June 30, 2009.

7. Leased Facilities

Rental commitments under noncancelable leases for office space in effect at June 30, 2009, totaled \$31,850. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2011	\$ 29,400
2012	2,450
	\$ 31,850

Rental expense was \$29,400 for the year ended June 30, 2010, and \$23,275 for the 18 months ended June 30, 2009.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND THE 18 MONTHS ENDED JUNE 30, 2009

8. 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 2010, these conditions were met and \$50,000 was received and recorded as contribution revenue. Also, there is a two-to-one match (\$2 of contributions for every \$1 of conditional contributions) on a \$25,000 grant in 2011; this grant was not recognized as contribution revenue in the year ended June 30, 2010, since the conditions have not been met.

9. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of amounts from the following as of:

	June 30,	
	2010	2009
MN Heart Gallery Project	\$ 28,848	\$ -

10. Fair Value

Ampersand Families adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures ("ASC 820"). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at June 30, 2010:

	Level 1	Level 2	Level 3	Total
Pledges and Grants Receivable	\$ -	\$ 1,013	\$ -	\$ 1,013