

**Ampersand Families**  
Minneapolis, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
June 30, 2014 and 2013

**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 financial statements of Ampersand Families, which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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 Ampersand Families as of June 30, 2014 and 2013, 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



Certified Public Accountants

AMPERSAND FAMILIES  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenue:</b>						
Contributions	\$ 231,665	\$ 2,000	\$ 233,665	\$ 96,290	\$ -	\$ 96,290
In-kind Contributions	18,456	-	18,456	22,476	-	22,476
Government Grants	323,190	-	323,190	310,933	-	310,933
Program Service Fees	375	-	375	1,950	-	1,950
Special Events	1,956	-	1,956	-	-	-
Investment Income	99	-	99	283	-	283
Miscellaneous Income	5,919	-	5,919	1,277	-	1,277
<b>Net Assets Released from Restrictions:</b>						
Satisfaction of Time Restrictions	-	-	-	22,917	(22,917)	-
Satisfaction of Program Restrictions	-	-	-	13,000	(13,000)	-
<b>Total Support and Revenue</b>	<b>581,660</b>	<b>2,000</b>	<b>583,660</b>	<b>469,126</b>	<b>(35,917)</b>	<b>433,209</b>
<b>Expense:</b>						
Program Services	509,988	-	509,988	370,057	-	370,057
<b>Support Services:</b>						
Management and General	42,963	-	42,963	48,226	-	48,226
Fundraising	75,937	-	75,937	75,179	-	75,179
<b>Total Support Services</b>	<b>118,900</b>	<b>-</b>	<b>118,900</b>	<b>123,405</b>	<b>-</b>	<b>123,405</b>
<b>Total Expense</b>	<b>628,888</b>	<b>-</b>	<b>628,888</b>	<b>493,462</b>	<b>-</b>	<b>493,462</b>
<b>Change in Net Assets</b>	<b>(47,228)</b>	<b>2,000</b>	<b>(45,228)</b>	<b>(24,336)</b>	<b>(35,917)</b>	<b>(60,253)</b>
<b>Net Assets - Beginning of Year</b>	<b>159,266</b>	<b>-</b>	<b>159,266</b>	<b>183,602</b>	<b>35,917</b>	<b>219,519</b>
<b>Net Assets - End of Year</b>	<b>\$ 112,038</b>	<b>\$ 2,000</b>	<b>\$ 114,038</b>	<b>\$ 159,266</b>	<b>\$ -</b>	<b>\$ 159,266</b>

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

AMPERSAND FAMILIES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2014 AND 2013

EXHIBIT B

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 128,917	\$ 120,958
Accounts Receivable	23,545	69,600
Pledges and Grants Receivable	8,143	3,658
Prepaid Expenses	8,237	9,803
Total Current Assets	<u>168,842</u>	<u>204,019</u>
Property and Equipment - Net	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 168,842</u></b>	<b><u>\$ 204,019</u></b>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 10,924	\$ 9,448
Accrued Salaries and Vacation	37,500	28,925
Accrued Unemployment	6,380	6,380
Total Current Liabilities	<u>54,804</u>	<u>44,753</u>
Net Assets:		
Unrestricted	112,038	159,266
Temporarily Restricted	2,000	-
Total Net Assets	<u>114,038</u>	<u>159,266</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 168,842</u></b>	<b><u>\$ 204,019</u></b>

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, 2014 WITH  
COMPARATIVE TOTALS FOR 2013

	2014				2013	
	Total Program Services	Support Services		Total Support Services	Total All Services	Total All Services
		Management & General	Fund- raising			
Salaries	\$ 308,874	\$ 6,561	\$ 60,691	\$ 67,252	\$ 376,126	\$ 287,832
Employee Benefits	28,745	652	5,722	6,374	35,119	31,714
Payroll Taxes	24,649	542	5,033	5,575	30,224	22,851
Total Personnel Costs	<u>362,268</u>	<u>7,755</u>	<u>71,446</u>	<u>79,201</u>	<u>441,469</u>	<u>342,397</u>
Professional Fees	28,834	32,276	609	32,885	61,719	48,220
Program Expense	28,932	-	-	-	28,932	8,347
Transportation	23,735	9	71	80	23,815	24,733
Occupancy	18,098	390	1,003	1,393	19,491	15,810
In-Kind Photography	18,456	-	-	-	18,456	22,476
Office Expense	9,404	191	1,238	1,429	10,833	8,508
Insurance	5,796	1,810	311	2,121	7,917	6,837
Telecommunication	6,815	95	237	332	7,147	6,006
Staff and Volunteer Development	4,813	56	319	375	5,188	4,178
Miscellaneous	1,838	368	670	1,038	2,876	2,726
Membership Dues	999	13	33	46	1,045	768
Depreciation	-	-	-	-	-	2,456
Total Expense	<u>\$ 509,988</u>	<u>\$ 42,963</u>	<u>\$ 75,937</u>	<u>\$ 118,900</u>	<u>\$ 628,888</u>	<u>\$ 493,462</u>

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

AMPERSAND FAMILIES  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED JUNE 30, 2013

	Total Program Services	Support Services			Total All Services
		Management & General	Fund- raising	Total Support Services	
Salaries	\$ 220,837	\$ 6,814	\$ 60,181	\$ 66,995	\$ 287,832
Employee Benefits	24,445	717	6,552	7,269	31,714
Payroll Taxes	17,656	539	4,656	5,195	22,851
Total Personnel Costs	262,938	8,070	71,389	79,459	342,397
Professional Fees	12,311	35,488	421	35,909	48,220
Program Expense	8,347	-	-	-	8,347
Transportation	24,614	64	55	119	24,733
Occupancy	14,582	329	899	1,228	15,810
In-Kind Photography	22,326	150	-	150	22,476
Office Expense	7,544	128	836	964	8,508
Insurance	5,153	1,348	336	1,684	6,837
Telecommunication	5,663	86	257	343	6,006
Staff and Volunteer Development	3,192	775	211	986	4,178
Miscellaneous	774	1,720	232	1,952	2,726
Membership Dues	729	10	29	39	768
Depreciation	1,884	58	514	572	2,456
Total Expense	\$ 370,057	\$ 48,226	\$ 75,179	\$ 123,405	\$ 493,462

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

AMPERSAND FAMILIES  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

EXHIBIT E

	2014	2013
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	-	-
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (45,228)	\$ (60,253)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	-	2,456
Increase in Liabilities:		
Accounts Payable	1,476	6,571
Accrued Salaries and Vacation	8,575	10,120
Decrease (Increase) in Assets:		
Accounts Receivable	46,055	(14,021)
Pledges and Grants Receivable	(4,485)	(2,293)
Prepaid Expenses	1,566	2,460
Total Adjustments	53,187	5,293
Net Cash Provided (Used) by Operating Activities	7,959	(54,960)
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities:		
None	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	7,959	(54,960)
Cash and Cash Equivalents - Beginning of Year	120,958	175,918
Cash and Cash Equivalents - End of Year	\$ 128,917	\$ 120,958

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



AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

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 the Organization, 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, 2014 and 2013, 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.

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.

Accounts Receivable and Doubtful Accounts

The Organization extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. No allowance for doubtful accounts has been provided, as accounts receivable are considered collectable.

AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

1. Summary of Significant Accounting Policies (continued)

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.

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, the Organization 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.

AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

1. Summary of Significant Accounting Policies (continued)

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. 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. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990) and a Exempt Organization Business Income Tax Return (Form 990-T). The returns for the years ending June 30, 2011 and later remain subject to examination by the Internal Revenue Service.

Use of Estimates

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through November 3, 2014, which is the date financial statements were available to be issued.

2. Significant Concentrations of Credit Risk

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

The Organization received 55% and 71% of total funding from the State of Minnesota in the years ended June 30, 2014 and 2013, respectively. A significant reduction in this level of support, if it were to occur, could have an adverse effect on the Organization's programs and activities.

AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

3. Property and Equipment

The Organization owned the following as of:

	June 30,		Estimated Useful Lives
	2014	2013	
Furniture and Equipment	\$ 12,640	\$ 12,640	3-10 years
Computer Equipment	10,947	10,947	3-5 years
	23,587	23,587	
Less Accumulated Depreciation	23,587	23,587	
	\$ -	\$ -	

Depreciation expense of \$0 and \$2,456 was recorded for the years ended June 30, 2014 and 2013, respectively.

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,	
	2014	2013
Photography	\$ 18,456	\$ 22,476

5. Management Services Agreement

The Organization contracts for management services with MACC CommonWealth, Inc. Management fee expense of \$34,165 and \$29,644 was reported by the Organization for the years ended June 30, 2014 and 2013 respectively.

6. Leased Facilities

The Organization leases office space under a month-to-month lease. Rental expense was \$19,491 and \$15,810 for the years ended June 30, 2014 and 2013, respectively.

AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

7. Unemployment Compensation

The Organization has elected to self-insure unemployment tax claims and has accrued an amount for future liabilities. Accrued unemployment liability was \$6,380 and \$6,380 for the years ended June 30, 2014 and 2013, respectively.

8. Temporarily Restricted Net Assets

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

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
MN Permanency Project	<u>\$ 2,000</u>	<u>\$ -</u>