

**Ampersand Families**  
Minneapolis, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
June 30, 2015 and 2014

**Carpenter *Evert***  
Certified Public Accountants



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## Carpenter *Evert*

### 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, 2015 and 2014, and the related statements of activities and changes in net assets, 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, 2015 and 2014, 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.

*Carpenter Evert and Associates, LTD.*

Certified Public Accountants

Minneapolis, Minnesota  
October 5, 2015

AMPERSAND FAMILIES  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions	\$ 133,284	\$ 118,475	\$ 251,759	\$ 231,665	\$ 2,000	\$ 233,665
In-kind Contributions	38,274	-	38,274	18,456	-	18,456
Government Grants	611,349	-	611,349	323,190	-	323,190
Program Service Fees	5,735	-	5,735	375	-	375
Special Events	-	-	-	1,956	-	1,956
Investment Income	76	-	76	99	-	99
Miscellaneous Income	6,975	-	6,975	5,919	-	5,919
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	-	-	-	-	-	-
Satisfaction of Program Restrictions	2,000	(2,000)	-	-	-	-
Total Support and Revenue	797,693	116,475	914,168	581,660	2,000	583,660
Expense:						
Program Services	670,503	-	670,503	509,988	-	509,988
Support Services:						
Management and General	68,427	-	68,427	42,963	-	42,963
Fundraising	56,762	-	56,762	75,937	-	75,937
Total Support Services	125,189	-	125,189	118,900	-	118,900
Total Expense	795,692	-	795,692	628,888	-	628,888
Change in Net Assets	2,001	116,475	118,476	(47,228)	2,000	(45,228)
Net Assets - Beginning of Year	112,038	2,000	114,038	159,266	-	159,266
Net Assets - End of Year	\$ 114,039	\$ 118,475	\$ 232,514	\$ 112,038	\$ 2,000	\$ 114,038

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

AMPERSAND FAMILIES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2015 AND 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and Cash Equivalents	\$ 200,850	\$ 128,917
Accounts Receivable	85,345	23,545
Pledges and Grants Receivable	15,490	8,143
Prepaid Expenses	<u>8,863</u>	<u>8,237</u>
Total Current Assets	310,548	168,842
TOTAL ASSETS	<u>\$ 310,548</u>	<u>\$ 168,842</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 13,331	\$ 10,924
Accrued Salaries and Vacation	39,578	37,500
Accrued Unemployment	16,388	6,380
Refundable Advance	<u>8,737</u>	<u>-</u>
Total Current Liabilities	78,034	54,804
Net Assets:		
Unrestricted	114,039	112,038
Temporarily Restricted	<u>118,475</u>	<u>2,000</u>
Total Net Assets	<u>232,514</u>	<u>114,038</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 310,548</u>	<u>\$ 168,842</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, 2015 WITH  
COMPARATIVE TOTALS FOR 2014

	2015				2014	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 406,335	\$ 12,214	\$ 37,491	\$ 49,705	\$ 456,040	\$ 376,126
Employee Benefits	29,945	1,072	3,341	4,413	34,358	35,119
Payroll Taxes	43,109	1,309	4,618	5,927	49,036	30,224
Total Personnel Costs	479,389	14,595	45,450	60,045	539,434	441,469
Professional Fees	37,926	47,190	6,940	54,130	92,056	61,719
In-Kind Photography	38,274	-	-	-	38,274	18,456
Transportation	33,800	60	35	95	33,895	23,815
Program Expense	24,187	-	-	-	24,187	28,932
Occupancy	18,793	404	1,010	1,414	20,207	19,491
Office Expense	9,000	2,869	1,410	4,279	13,279	10,833
Insurance	8,241	1,897	444	2,341	10,582	7,917
Staff and Volunteer Development	8,905	1,030	388	1,418	10,323	5,188
Telecommunication	7,566	82	206	288	7,854	7,147
Miscellaneous	2,283	243	558	801	3,084	2,876
Membership Dues	2,139	57	321	378	2,517	1,045
Total Expense	\$ 670,503	\$ 68,427	\$ 56,762	\$ 125,189	\$ 795,692	\$ 628,888

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, 2014

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

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, 2015 AND 2014

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 118,476	\$ (45,228)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Increase in Liabilities:		
Accounts Payable	2,407	1,476
Accrued Salaries and Vacation	2,078	8,575
Accrued Unemployment	10,008	-
Refundable Advance	8,737	-
Decrease (Increase) in Assets:		
Accounts Receivable	(61,800)	46,055
Pledges and Grants Receivable	(7,347)	(4,485)
Prepaid Expenses	(626)	1,566
Net Cash Provided by Operating Activities	<u>71,933</u>	<u>7,959</u>
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	71,933	7,959
Cash and Cash Equivalents - Beginning of Year	<u>128,917</u>	<u>120,958</u>
Cash and Cash Equivalents - End of Year	<u>\$ 200,850</u>	<u>\$ 128,917</u>

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



AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014

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, 2015 and 2014, 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 expressed or implied by timing of donation 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 donors and government contracts on terms it establishes. 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, 2015 AND 2014

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, 2015 AND 2014

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, 2012 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 October 5, 2015, 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 67% and 55% of total funding from the State of Minnesota in the years ended June 30, 2015 and 2014, 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, 2015 AND 2014

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,	
	2015	2014
Photography	\$ 38,274	\$ 18,456

5. Management Services Agreement

The Organization contracts for management services with MACC CommonWealth, Inc. Management fee expense of \$47,914 and \$34,165 was reported by the Organization for the years ended June 30, 2015 and 2014 respectively.

6. Leased Facilities

Rental commitments under non-cancelable leases for office space in effect at June 30, 2015 total \$15,912. These amounts will be due in the year ending June 30, 2016. Rental expense was \$20,208 and \$19,491 for the years ended June 30, 2015 and 2014, respectively.

7. Unemployment Compensation

The Organization has elected to self-insure unemployment tax claims and has accrued an estimated amount for future claims. Accrued unemployment liability was \$16,388 and \$6,380 for the years ended June 30, 2015 and 2014, respectively.

8. Temporarily Restricted Net Assets

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

	June 30,	
	2015	2014
Future Operations	\$ 75,000	\$ -
Post Adoption Support Services	38,475	-
Heart Gallery	5,000	-
MN Permanency Project	-	2,000
	\$ 118,475	\$ 2,000