

Ampersand Families
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2011 and 2010

Carpenter *Evert*
Certified Public Accountants



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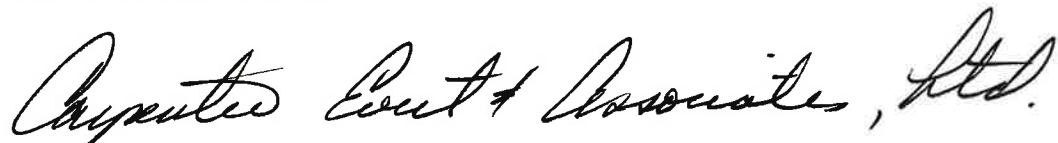
Independent Auditor's Report

Board of Directors
Ampersand Families
Minneapolis, Minnesota

We have audited the accompanying statements of financial position of Ampersand Families as of June 30, 2011 and 2010, and the related statement of activities and changes in net assets, functional expense and cash flows for the years 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, 2011 and 2010, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants

Minneapolis, Minnesota
November 7, 2011

AMPERSAND FAMILIES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions	\$ 80,229	\$ 18,000	\$ 98,229	\$ 77,718	\$ 30,000	\$ 107,718
In-kind Contributions	2,536	-	2,536	9,113	-	9,113
Government Grants	232,948	-	232,948	193,880	-	193,880
Program Service Fees	75	-	75	2,792	-	2,792
Special Events	878	-	878	3,954	-	3,954
Investment Income	400	-	400	1,204	-	1,204
Miscellaneous Income	1,865	-	1,865	2,777	-	2,777
Net Assets Released from Restrictions:						
Satisfaction of Program Restrictions	33,848	(33,848)	-	1,152	(1,152)	-
Total Support and Revenue	352,779	(15,848)	336,931	292,590	28,848	321,438
Expense:						
Program Services	333,866	-	333,866	324,218	-	324,218
Support Services:						
Management and General	52,002	-	52,002	77,305	-	77,305
Fundraising	16,823	-	16,823	13,622	-	13,622
Total Support Services	68,825	-	68,825	90,927	-	90,927
Total Expense	402,691	-	402,691	415,145	-	415,145
Change in Net Assets	(49,912)	(15,848)	(65,760)	(122,555)	28,848	(93,707)
Net Assets - Unrestricted - Beginning of Year	219,936	28,848	248,784	342,491	-	342,491
Net Assets - Unrestricted - End of Year	\$ 170,024	\$ 13,000	\$ 183,024	\$ 219,936	\$ 28,848	\$ 248,784

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

AMPERSAND FAMILIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and Cash Equivalents	\$ 100,383	\$ 185,791
Accounts Receivable	73,321	48,106
Pledges and Grants Receivable	337	1,013
Prepaid Expenses	<u>27,443</u>	<u>10,388</u>
Total Current Assets	201,484	245,298
Property and Equipment - Net	<u>16,449</u>	<u>25,418</u>
TOTAL ASSETS	<u>\$ 217,933</u>	<u>\$ 270,716</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Accounts Payable	\$ 1,159	\$ 3,251
Accrued Salaries and Vacation	<u>33,750</u>	<u>18,681</u>
Total Current Liabilities	34,909	21,932
Net Assets:		
Unrestricted	165,024	219,936
Temporarily Restricted	<u>18,000</u>	<u>28,848</u>
Total Net Assets	<u>183,024</u>	<u>248,784</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 217,933</u>	<u>\$ 270,716</u>

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

EXHIBIT C

AMPERSAND FAMILIES
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2011 WITH
COMPARATIVE TOTALS FOR 2010

	2011				2010	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 197,488	\$ 12,477	\$ 10,070	\$ 22,547	\$ 220,035	\$ 210,302
Employee Benefits	21,718	1,373	1,107	2,480	24,198	31,427
Payroll Taxes	19,582	1,237	999	2,236	21,818	21,344
Total Personnel Costs	238,788	15,087	12,176	27,263	266,051	263,073
Professional Fees	9,691	31,033	1,025	32,058	41,749	53,150
Occupancy	24,990	2,940	1,470	4,410	29,400	29,538
Program Expense	20,720	1	54	55	20,775	5,385
Transportation	14,322	21	12	33	14,355	18,765
Insurance	5,464	916	279	1,195	6,659	6,814
Telecommunication	4,489	416	203	619	5,108	5,750
Office Expense	1,919	196	813	1,009	2,928	7,587
In-Kind Expense	2,276	144	116	260	2,536	6,449
Staff and Volunteer Development	1,474	383	228	611	2,085	3,854
Miscellaneous	979	306	12	318	1,297	5,713
Membership Dues	704	50	25	75	779	676
Depreciation	8,050	509	410	919	8,969	8,391
Total Expense	\$ 333,866	\$ 52,002	\$ 16,823	\$ 68,825	\$ 402,691	\$ 415,145

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, 2010

	Support Services				
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All 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
Program Expense	4,948	208	229	437	5,385
Transportation	18,597	163	5	168	18,765
Insurance	4,731	1,860	223	2,083	6,814
Telecommunication	4,383	1,167	200	1,367	5,750
Office Expense	5,074	2,205	308	2,513	7,587
In-Kind Expense	5,714	551	184	735	6,449
Staff and Volunteer Development	2,555	1,296	3	1,299	3,854
Miscellaneous	3,404	2,032	277	2,309	5,713
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.

AMPERSAND FAMILIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (65,760)	\$ (93,707)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:		
Depreciation	8,969	8,391
Donation of Furniture and Equipment	-	(2,664)
Increase (Decrease) in Liabilities:		
Accounts Payable	(2,092)	1,561
Accrued Salaries and Vacation	15,069	4,819
Other Liabilities	-	(1,952)
Decrease (Increase) in Assets:		
Accounts Receivable	(25,215)	(21,706)
Pledges and Grants Receivable	676	13,987
Prepaid Expenses	(17,055)	(4,517)
Total Adjustments	<u>(19,648)</u>	<u>(2,081)</u>
Net Cash (Used) by Operating Activities	(85,408)	(95,788)
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities:		
None	-	-
Net (Decrease) in Cash and Cash Equivalents	(85,408)	(95,788)
Cash and Cash Equivalents - Beginning of Year	<u>185,791</u>	<u>281,579</u>
Cash and Cash Equivalents - End of Year	<u>\$ 100,383</u>	<u>\$ 185,791</u>

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

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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, 2011 and 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.

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, 2011 AND 2010

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, 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.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

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 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.

Risks and Uncertainties

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, and the reported revenues and expenses. 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 7, 2011, 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.

Ampersand Families received 69% and 60% of total funding from the State of Minnesota in the years ended June 30, 2011 and 2010, respectively. A significant reduction in this level of support, if it were to occur, could have an adverse effect on Ampersand Families' programs and activities.

3. Major Sources of Support

Major sources of support were as follows as of:

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
State of Minnesota – Department of Human Services	\$ 223,460	\$ 193,880
Otto Bremer Foundation	25,000	50,000
Mardag Foundation	20,000	30,000
Board of Director's Contributions	5,183	2,050

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

4. Property and Equipment

The Organization owned the following as of:

	<u>June 30,</u>		<u>Estimated Useful Lives</u>
	<u>2011</u>	<u>2010</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>10,947</u>	3-5 years
	41,002	41,002	
Less Accumulated Depreciation	<u>24,553</u>	<u>15,584</u>	
	<u>\$ 16,449</u>	<u>\$ 25,418</u>	

Depreciation expense of \$8,969 and \$8,391 was recorded for the years ended June 30, 2011 and 2010, respectively.

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:

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Furniture and Equipment	\$ 2,536	\$ 2,664
Program Expense	-	3,793
Professional Fees	-	<u>2,656</u>
	<u>\$ 2,536</u>	<u>\$ 9,113</u>

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, Inc. Management fee expense of \$26,441 was reported by the Organization for the year ended June 30, 2011, all of which was paid to MACC Commonwealth, Inc. 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, Inc.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

7. Leased Facilities

Rental commitments under noncancelable leases for office space in effect at June 30, 2011 totaled \$17,450. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2012	\$ 13,700
2013	<u>3,750</u>
	<u>\$ 17,450</u>

Rental expense was \$29,400 for both years ended June 30, 2011 and 2010.

8. Conditional Promise-to-Give

Ampersand Families received a \$50,000 conditional grant in the year ended June 30, 2010 requiring a one-to-two match (\$1 of contributions for every \$2 of conditional contributions). This condition was met and \$50,000 was received and recorded as contribution revenue in the year ending June 30, 2010. In addition, there was a 25,000 conditional grant in the year ending June 30, 2011 requiring a two-to-one match (\$2 of contributions for every \$1 of conditional contributions). This condition was met and \$25,000 was received and recorded as contribution revenue in the year ended June 30, 2011.

9. Temporarily Restricted Net Assets

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

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
MN Heart Gallery Project	<u>\$ 18,000</u>	<u>\$ 28,848</u>