

Ampersand Families
Minneapolis, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2013 and 2012

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Carpenter Evert

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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, 2013 and 2012, 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.

Independent Auditor's Report (continued)

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, 2013 and 2012, 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.

A handwritten signature in cursive script, appearing to read "Robert A. Rasmussen, CPA".

Certified Public Accountants

Minneapolis, Minnesota
November 4, 2013

AMPERSAND FAMILIES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions	\$ 96,290	\$ -	\$ 96,290	\$ 92,800	\$ 35,917	\$ 128,717
In-kind Contributions	22,476	-	22,476	916	-	916
Government Grants	310,933	-	310,933	248,632	-	248,632
Program Service Fees	1,950	-	1,950	1,000	-	1,000
Special Events	-	-	-	1,083	-	1,083
Investment Income	283	-	283	207	-	207
Miscellaneous Income	1,277	-	1,277	2,414	-	2,414
(Loss) on Disposal of Assets	-	-	-	(8,685)	-	(8,685)
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	22,917	(22,917)	-	-	-	-
Satisfaction of Program Restrictions	13,000	(13,000)	-	18,000	(18,000)	-
Total Support and Revenue	<u>469,126</u>	<u>(35,917)</u>	<u>433,209</u>	<u>356,367</u>	<u>17,917</u>	<u>374,284</u>
Expense:						
Program Services	370,057	-	370,057	277,638	-	277,638
Support Services:						
Management and General	48,226	-	48,226	38,834	-	38,834
Fundraising	75,179	-	75,179	21,317	-	21,317
Total Support Services	<u>123,405</u>	<u>-</u>	<u>123,405</u>	<u>60,151</u>	<u>-</u>	<u>60,151</u>
Total Expense	<u>493,462</u>	<u>-</u>	<u>493,462</u>	<u>337,789</u>	<u>-</u>	<u>337,789</u>
Change in Net Assets	(24,336)	(35,917)	(60,253)	18,578	17,917	36,495
Net Assets - Beginning of Year	<u>183,602</u>	<u>35,917</u>	<u>219,519</u>	<u>165,024</u>	<u>18,000</u>	<u>183,024</u>
Net Assets - End of Year	<u>\$ 159,266</u>	<u>\$ -</u>	<u>\$ 159,266</u>	<u>\$ 183,602</u>	<u>\$ 35,917</u>	<u>\$ 219,519</u>

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

AMPERSAND FAMILIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

EXHIBIT B

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 120,958	\$ 175,918
Accounts Receivable	69,600	55,579
Pledges and Grants Receivable	3,658	1,365
Prepaid Expenses	9,803	12,263
Total Current Assets	<u>204,019</u>	<u>245,125</u>
Property and Equipment - Net	<u>-</u>	<u>2,456</u>
TOTAL ASSETS	<u>\$ 204,019</u>	<u>\$ 247,581</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 9,448	\$ 2,877
Accrued Salaries and Vacation	28,925	18,805
Accrued Unemployment	6,380	6,380
Total Current Liabilities	<u>44,753</u>	<u>28,062</u>
Net Assets:		
Unrestricted	159,266	183,602
Temporarily Restricted	-	35,917
Total Net Assets	<u>159,266</u>	<u>219,519</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 204,019</u>	<u>\$ 247,581</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, 2013 WITH
COMPARATIVE TOTALS FOR 2012

	2013			2012		
	Total Program Services	Support Services		Total All Services	Total All Services	
		Management & General	Fund- raising	Total Support Services		
Salaries	\$ 220,837	\$ 6,814	\$ 60,181	\$ 66,995	\$ 287,832	\$ 193,001
Employee Benefits	24,445	717	6,552	7,269	31,714	24,668
Payroll Taxes	17,656	539	4,656	5,195	22,851	17,288
Total Personnel Costs	<u>262,938</u>	<u>8,070</u>	<u>71,389</u>	<u>79,459</u>	<u>342,397</u>	<u>234,957</u>
Professional Fees	12,311	35,488	421	35,909	48,220	32,396
Transportation	24,614	64	55	119	24,733	16,452
In-Kind Expense	22,326	150	-	150	22,476	916
Occupancy	14,582	329	899	1,228	15,810	19,102
Office Expense	7,544	128	836	964	8,508	3,922
Program Expense	8,347	-	-	-	8,347	4,193
Insurance	5,153	1,348	336	1,684	6,837	6,538
Telecommunication	5,663	86	257	343	6,006	7,560
Staff and Volunteer Development	3,192	775	211	986	4,178	2,905
Miscellaneous	774	1,720	232	1,952	2,726	3,026
Membership Dues	729	10	29	39	768	514
Depreciation	1,884	58	514	572	2,456	5,308
Total Expense	<u>\$ 370,057</u>	<u>\$ 48,226</u>	<u>\$ 75,179</u>	<u>\$ 123,405</u>	<u>\$ 493,462</u>	<u>\$ 337,789</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, 2012

	Total Program Services	Support Services		Total Support Services	Total All Services
		Management & General	Fund- raising		
Salaries	\$ 172,016	\$ 5,238	\$ 15,747	\$ 20,985	\$ 193,001
Employee Benefits	21,851	886	1,931	2,817	24,668
Payroll Taxes	15,370	551	1,367	1,918	17,288
Total Personnel Costs	209,237	6,675	19,045	25,720	234,957
Professional Fees	5,816	26,499	81	26,580	32,396
Transportation	16,354	41	57	98	16,452
In-Kind Expense	-	650	266	916	916
Occupancy	18,145	575	382	957	19,102
Office Expense	3,027	110	785	895	3,922
Program Expense	4,193	-	-	-	4,193
Insurance	4,968	1,439	131	1,570	6,538
Telecommunication	7,248	187	125	312	7,560
Staff and Volunteer Development	1,638	1,260	7	1,267	2,905
Miscellaneous	2,017	1,004	5	1,009	3,026
Membership Dues	264	250	-	250	514
Depreciation	4,731	144	433	577	5,308
Total Expense	\$ 277,638	\$ 38,834	\$ 21,317	\$ 60,151	\$ 337,789

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, 2013 AND 2012

EXHIBIT E

	2013	2012
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (60,253)	\$ 36,495
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,456	5,308
Loss on Disposal of Assets	-	8,685
Increase (Decrease) in Liabilities:		
Accounts Payable	6,571	1,718
Accrued Salaries and Vacation	10,120	(9,097)
Accrued Unemployment	-	532
Decrease (Increase) in Assets:		
Accounts Receivable	(14,021)	17,742
Pledges and Grants Receivable	(2,293)	(1,028)
Prepaid Expenses	2,460	15,180
Total Adjustments	5,293	39,040
Net Cash Provided (Used) by Operating Activities	(54,960)	75,535
Cash Flows from Investing Activities:		
None	-	-
Cash Flows from Financing Activities:		
None	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(54,960)	75,535
Cash and Cash Equivalents - Beginning of Year	175,918	100,383
Cash and Cash Equivalents - End of Year	\$ 120,958	\$ 175,918

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

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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, 2013 and 2012, 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, 2013 AND 2012

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, 2013 AND 2012

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, 2010 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 4, 2013, 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 71% and 66% of total funding from the State of Minnesota in the years ended June 30, 2013 and 2012, 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, 2013 AND 2012

3. Property and Equipment

The Organization owned the following as of:

	June 30,		Estimated Useful Lives
	2013	2012	
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	21,131	
	\$ -	\$ 2,456	

Depreciation expense of \$2,456 and \$5,308 was recorded for the years ended June 30, 2013 and 2012, 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,	
	2013	2012
Photography	\$ 22,476	\$ -
Printing	-	916
	\$ 22,476	\$ 916

5. Management Services Agreement

The Organization contracts for management services with MACC CommonWealth, Inc. Management fee expense of \$29,644 and \$20,758 was reported by the Organization for the years ended June 30, 2013 and 2012 respectively.

6. Leased Facilities

The Organization leases office space under a month-to-month lease. Rental expense was \$15,810 and \$18,600 for the years ended June 30, 2013 and 2012, respectively.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

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, 2013 and 2012, respectively.

8. Temporarily Restricted Net Assets

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

	<u>June 30,</u>	
	<u>2013</u>	<u>2012</u>
Subsequent Year Operations	\$ -	\$ 25,417
MN Heart Gallery Project	-	10,500
	<u>\$ -</u>	<u>\$ 35,917</u>