

# **Ampersand Families**

St. Paul, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
June 30, 2017 and 2016



**CERTIFIED PUBLIC ACCOUNTANTS**

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Carpenter, Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55435

952.831.0085 [carpenterevert.com](http://carpenterevert.com)

### Independent Auditor's Report

Board of Directors  
Ampersand Families  
St. Paul, Minnesota

We have audited the accompanying financial statements of Ampersand Families, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expense, 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, 2017 and 2016, 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

St. Paul, Minnesota  
November 3, 2017

AMPERSAND FAMILIES  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue:						
Contributions	\$ 289,602	\$ 49,000	\$ 338,602	\$ 178,540	\$ 27,500	\$ 206,040
In-kind Contributions	40,124	-	40,124	26,921	-	26,921
Government Grants	715,538	-	715,538	730,591	-	730,591
Program Service Fees	-	-	-	2,000	-	2,000
Investment Income	67	-	67	120	-	120
Miscellaneous Income	19,514	-	19,514	442	-	442
Net Assets Released from Restrictions:						
Satisfaction of Program and Time Restrictions	27,500	(27,500)	-	118,475	(118,475)	-
Total Support and Revenue	1,092,345	21,500	1,113,845	1,057,089	(90,975)	966,114
Expense:						
Program Services	729,037	-	729,037	723,995	-	723,995
Support Services:						
Management and General	169,292	-	169,292	79,859	-	79,859
Fundraising	51,371	-	51,371	54,022	-	54,022
Total Support Services	220,663	-	220,663	133,881	-	133,881
Total Expense	949,700	-	949,700	857,876	-	857,876
Change in Net Assets	142,645	21,500	164,145	199,213	(90,975)	108,238
Net Assets - Beginning of Year	313,252	27,500	340,752	114,039	118,475	232,514
Net Assets - End of Year	\$ 455,897	\$ 49,000	\$ 504,897	\$ 313,252	\$ 27,500	\$ 340,752

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

AMPERSAND FAMILIES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and Cash Equivalents	\$ 406,150	\$ 238,845
Accounts Receivable	132,771	120,660
Pledges and Grants Receivable	-	23,000
Prepaid Expenses	15,511	7,781
Total Current Assets	<u>554,432</u>	<u>390,286</u>
Prepaid Expenses - Non-Current	4,968	4,402
Property and Equipment - Net	<u>9,194</u>	<u>16,548</u>
 TOTAL ASSETS	 <u>\$ 568,594</u>	 <u>\$ 411,236</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 10,578	\$ 5,990
Accrued Salaries and Vacation	53,119	45,010
Accrued Unemployment	-	19,484
Total Current Liabilities	<u>63,697</u>	<u>70,484</u>
Net Assets:		
Unrestricted	455,897	313,252
Temporarily Restricted	<u>49,000</u>	<u>27,500</u>
Total Net Assets	<u>504,897</u>	<u>340,752</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 568,594</u>	 <u>\$ 411,236</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, 2017 WITH  
COMPARATIVE TOTALS FOR 2016

	2017				2016	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 443,337	\$ 59,730	\$ 33,926	\$ 93,656	\$ 536,993	\$ 477,831
Employee Benefits	36,807	7,031	-	7,031	43,838	40,328
Payroll Taxes	37,346	7,825	2,958	10,783	48,129	47,406
Total Personnel Costs	517,490	74,586	36,884	111,470	628,960	565,565
Program Expense	76,665	6,098	-	6,098	82,763	38,294
Professional Fees	20,458	49,995	10,610	60,605	81,063	116,827
In-Kind Photography	40,166	-	-	-	40,166	26,921
Staff and Volunteer Development	22,593	9,490	680	10,170	32,763	8,785
Occupancy	27,817	2,333	120	2,453	30,270	22,621
Office Expense	2,738	12,695	2,436	15,131	17,869	20,450
Insurance	4,870	7,149	-	7,149	12,019	11,544
Telecommunication	7,617	2,492	-	2,492	10,109	8,588
Membership Dues	699	1,690	-	1,690	2,389	1,851
Miscellaneous	161	1,407	641	2,048	2,209	2,729
Transportation	409	1,357	-	1,357	1,766	28,185
Depreciation	7,354	-	-	-	7,354	5,516
Total Expense	\$ 729,037	\$ 169,292	\$ 51,371	\$ 220,663	\$ 949,700	\$ 857,876

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, 2016

	Support Services				Total All Services
	Total Program Services	Management & General	Fund- raising	Total Support Services	
Salaries	\$ 425,634	\$ 20,292	\$ 31,905	\$ 52,197	\$ 477,831
Employee Benefits	35,612	1,874	2,842	4,716	40,328
Payroll Taxes	42,002	2,103	3,301	5,404	47,406
Total Personnel Costs	503,248	24,269	38,048	62,317	565,565
Program Expense	38,294	-	-	-	38,294
Professional Fees	56,280	48,679	11,868	60,547	116,827
In-Kind Photography	26,921	-	-	-	26,921
Staff and Volunteer Development	7,285	817	683	1,500	8,785
Occupancy	21,037	559	1,025	1,584	22,621
Office Expense	17,371	1,890	1,189	3,079	20,450
Insurance	9,427	2,117	-	2,117	11,544
Telecommunication	7,971	285	332	617	8,588
Membership Dues	1,061	614	176	790	1,851
Miscellaneous	1,774	517	438	955	2,729
Transportation	28,074	108	3	111	28,185
Depreciation	5,252	4	260	264	5,516
Total Expense	\$ 723,995	\$ 79,859	\$ 54,022	\$ 133,881	\$ 857,876

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, 2017 AND 2016

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 164,145	\$ 108,238
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,354	5,516
Increase in Liabilities:		
Accounts Payable	4,588	(7,341)
Accrued Salaries and Vacation	8,109	5,432
Accrued Unemployment	(19,484)	3,096
Refundable Advance	-	(8,737)
Decrease (Increase) in Assets:		
Accounts Receivable	(12,111)	(35,315)
Pledges and Grants Receivable	23,000	(7,510)
Prepaid Expenses	(8,296)	(3,320)
Net Cash Provided by Operating Activities	<u>167,305</u>	<u>60,059</u>
Cash Flows from Investing Activities:		
Purchase of Property	-	(22,064)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	167,305	37,995
Cash and Cash Equivalents - Beginning of Year	<u>238,845</u>	<u>200,850</u>
Cash and Cash Equivalents - End of Year	<u>\$ 406,150</u>	<u>\$ 238,845</u>

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



AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

1. Summary of Significant Accounting Policies

Organizational Purpose

Ampersand Families (the Organization) is a Minnesota nonprofit corporation. The purpose of the Organization is to provide adoption and permanency services to youth whose parents' rights have been terminated due to abuse and neglect, and to prospective adoptive parents interested in adopting youth out of Minnesota's foster care system. The Organization also does community outreach and education to raise awareness of the needs and rights of older youth who have experienced abuse, neglect and trauma, and to improve how the community cares for those youth.

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, 2017 and 2016, 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, 2017 AND 2016

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, 2017 AND 2016

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). The returns for the years ending June 30, 2014 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.

Reclassifications

Certain amounts in prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through November 3, 2017, 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 64% and 75% of total funding from the State of Minnesota in the years ended June 30, 2017 and 2016, 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, 2017 AND 2016

2. Significant Concentrations of Credit Risk (continued)

At June 30, 2017, the Organization had funds on deposit in a local financial institution in excess of federally insured limits.

3. 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,	
	2017	2016
Photography	\$ 40,124	\$ 26,921

4. Leased Facilities

Rental commitments under non-cancelable leases for office space in effect at June 30, 2017 total \$100,080. In addition, the Organization rents office equipment under non-cancelable leases totaling \$764. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	<u>Equipment</u>	<u>Building</u>	<u>Total</u>
2018	\$ 764	\$ 28,137	\$ 28,901
2019	-	29,075	29,075
2020	-	30,013	30,013
2021	-	12,855	12,855
Total	\$ 764	\$ 100,080	\$ 100,844

Rental expense was \$31,093 and \$24,590 for the years ended June 30, 2017 and 2016, respectively.

5. 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 \$-0- and \$19,484 for the years ended June 30, 2017 and 2016, respectively.

AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

6. Property and Equipment

Ampersand Families owned the following as of:	June 30,		<u>Estimated Useful Lives</u>
	2017	2016	
Leasehold Improvements	\$ 22,064	\$ 22,064	3 Years
Less Accumulated Depreciation	12,870	5,516	
	\$ 9,194	\$ 16,548	

Depreciation expense of \$7,354 and \$5,516 was recorded for the years ended June 30, 2017 and 2016, respectively.

7. Temporarily Restricted Net Assets

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

	June 30,	
	2017	2016
Post Adoption Support Services	\$ 25,000	\$ 7,500
Power of 100	24,000	-
Future Operations	-	20,000
	\$ 49,000	\$ 27,500