

# **Ampersand Families**

St. Paul, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
June 30, 2018 and 2017



**CERTIFIED PUBLIC ACCOUNTANTS**

**CONTENTS**

	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR'S REPORT .....	1
EXHIBIT A:        Statements of Activities and Changes in Net Assets – For the Years Ended June 30, 2018 and 2017 .....	2
EXHIBIT B:        Statements of Financial Position – June 30, 2018 and 2017 .....	3
EXHIBIT C:        Statement of Functional Expense – For the Year Ended June 30, 2018 with Comparative Totals for 2017 .....	4
EXHIBIT D:        Statement of Functional Expense – For the Year Ended June 30, 2017 .....	5
EXHIBIT E:        Statements of Cash Flows – For the Years Ended June 30, 2018 and 2017 .....	6
NOTES TO FINANCIAL STATEMENTS .....	7-11



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### 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, 2018 and 2017, 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, 2018 and 2017, 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  
October 1, 2018



AMPERSAND FAMILIES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2018 AND 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current Assets:		
Cash and Cash Equivalents	\$ 419,748	\$ 406,150
Accounts Receivable	201,670	132,771
Pledges and Grants Receivable	35,000	-
Prepaid Expenses	15,810	15,511
Total Current Assets	<u>672,228</u>	<u>554,432</u>
Prepaid Expenses - Non-Current	4,968	4,968
Property and Equipment - Net	<u>7,354</u>	<u>9,194</u>
 TOTAL ASSETS	 <u>\$ 684,550</u>	 <u>\$ 568,594</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 36,825	\$ 10,578
Accrued Salaries and Vacation	55,713	53,119
Total Current Liabilities	<u>92,538</u>	<u>63,697</u>
Net Assets:		
Unrestricted:		
Undesignated	294,512	455,897
Board Designated	255,000	-
Total Unrestricted	<u>549,512</u>	<u>455,897</u>
Temporarily Restricted	<u>42,500</u>	<u>49,000</u>
Total Net Assets	<u>592,012</u>	<u>504,897</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 684,550</u>	 <u>\$ 568,594</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, 2018 WITH  
COMPARATIVE TOTALS FOR 2017

	2018				2017	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 551,589	\$ 71,532	\$ 29,890	\$ 101,422	\$ 653,011	\$ 536,993
Employee Benefits	63,248	8,202	3,427	11,629	74,877	43,838
Payroll Taxes	41,414	5,371	2,244	7,615	49,029	48,129
Total Personnel Costs	656,251	85,105	35,561	120,666	776,917	628,960
Program Activities	89,297	-	-	-	89,297	53,176
Professional Fees	20,614	29,605	8,180	37,785	58,399	81,063
Transportation	33,304	296	35	331	33,635	31,353
In-Kind Photography	33,570	-	-	-	33,570	40,166
Occupancy	27,023	5,004	1,334	6,338	33,361	30,270
Office Expense	18,486	3,442	2,012	5,454	23,940	17,869
Telecommunication	9,824	1,142	457	1,599	11,423	10,109
Staff and Volunteer Development	7,905	1,919	1,289	3,208	11,113	32,763
Insurance	8,262	1,530	408	1,938	10,200	12,019
Membership Dues	2,347	895	-	895	3,242	2,389
Miscellaneous	1,044	60	-	60	1,104	2,209
Depreciation	6,410	2,491	422	2,913	9,323	7,354
Total Expense	\$ 914,337	\$ 131,489	\$ 49,698	\$ 181,187	\$ 1,095,524	\$ 949,700

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, 2017

	Total Program Services	Support Services			Total All Services
		Management & General	Fund- raising	Total Support Services	
Salaries	\$ 443,337	\$ 59,730	\$ 33,926	\$ 93,656	\$ 536,993
Employee Benefits	36,807	7,031	-	7,031	43,838
Payroll Taxes	37,346	7,825	2,958	10,783	48,129
Total Personnel Costs	517,490	74,586	36,884	111,470	628,960
Program Activities	53,176	-	-	-	53,176
Professional Fees	20,458	49,995	10,610	60,605	81,063
Transportation	29,996	1,357	-	1,357	31,353
In-Kind Photography	40,166	-	-	-	40,166
Occupancy	27,817	2,333	120	2,453	30,270
Office Expense	2,738	12,695	2,436	15,131	17,869
Telecommunication	7,617	2,492	-	2,492	10,109
Staff and Volunteer Development	22,593	9,490	680	10,170	32,763
Insurance	4,870	7,149	-	7,149	12,019
Membership Dues	699	1,690	-	1,690	2,389
Miscellaneous	161	1,407	641	2,048	2,209
Depreciation	7,354	-	-	-	7,354
Total Expense	\$ 735,135	\$ 163,194	\$ 51,371	\$ 214,565	\$ 949,700

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, 2018 AND 2017

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 87,115	\$ 164,145
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	9,323	7,354
Increase (Decrease) in Liabilities:		
Accounts Payable	26,247	4,588
Accrued Salaries and Vacation	2,594	8,109
Accrued Unemployment	-	(19,484)
Decrease (Increase) in Assets:		
Accounts Receivable	(68,899)	(12,111)
Pledges and Grants Receivable	(35,000)	23,000
Prepaid Expenses	(299)	(8,296)
Net Cash Provided by Operating Activities	<u>21,081</u>	<u>167,305</u>
Cash Flows from Investing Activities:		
Purchase of Property	(7,483)	-
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	13,598	167,305
Cash and Cash Equivalents - Beginning of Year	<u>406,150</u>	<u>238,845</u>
Cash and Cash Equivalents - End of Year	<u>\$ 419,748</u>	<u>\$ 406,150</u>

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



AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

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.

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, 2018 AND 2017

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, 2018 AND 2017

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, 2015 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 1, 2018, 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 73% and 64% of total funding from the State of Minnesota in the years ended June 30, 2018 and 2017, 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.

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

AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

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,	
	2018	2017
Photography	\$ 33,570	\$ 40,124

4. Leased Facilities

Rental commitments under non-cancelable leases for office space in effect at June 30, 2018 total \$88,778. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	<u>Building</u>
2019	\$ 35,879
2020	37,039
2021	15,860
Total	\$ 88,778

Rental expense was \$33,361 and \$31,093 for the years ended June 30, 2018 and 2017, respectively.

5. Unemployment Compensation

The Organization has elected to self-insure unemployment tax claims.

6. Property and Equipment

The Organization owned the following as of:

	June 30,		<u>Estimated Useful Lives</u>
	2018	2017	
Leasehold Improvements	\$ 29,548	\$ 22,064	3 Years
Less Accumulated Depreciation	22,194	12,870	
	\$ 7,354	\$ 9,194	

Depreciation expense of \$9,323 and \$7,354 was recorded for the years ended June 30, 2018 and 2017, respectively.

AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

7. Temporarily Restricted Net Assets

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

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Future Operations	\$ 20,000	\$ -
Outcomes Study	15,000	-
Power of 100	7,500	24,000
Post Adoption Support Services	-	25,000
	<u>\$ 42,500</u>	<u>\$ 49,000</u>