

# **Ampersand Families**

St. Paul, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
June 30, 2019 and 2018



**CERTIFIED PUBLIC ACCOUNTANTS**

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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, 2019 and 2018, 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, 2019 and 2018, 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 7, 2019

AMPERSAND FAMILIES  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
<b>Support and Revenue:</b>						
Contributions	\$ 216,740	\$ 45,000	\$ 261,740	\$ 240,205	\$ 35,000	\$ 275,205
In-kind Contributions	54,998	-	54,998	33,570	-	33,570
Government Grants	896,850	-	896,850	865,050	-	865,050
Investment Income	1,191	-	1,191	520	-	520
Special Event Income	44,575	-	44,575	-	-	-
Cost of Direct Benefits to Donors	11,553	-	11,553	-	-	-
Special Events - Net	33,022	-	33,022	-	-	-
Miscellaneous Income	1,750	-	1,750	8,294	-	8,294
<b>Net Assets Released from Restrictions:</b>						
Satisfaction of Program and Time Restrictions	38,500	(38,500)	-	41,500	(41,500)	-
<b>Total Support and Revenue</b>	<b>1,243,051</b>	<b>6,500</b>	<b>1,249,551</b>	<b>1,189,139</b>	<b>(6,500)</b>	<b>1,182,639</b>
<b>Expense:</b>						
Program Services	1,103,718	-	1,103,718	914,337	-	914,337
<b>Support Services:</b>						
Management and General Fundraising	121,321	-	121,321	131,489	-	131,489
Total Support Services	49,574	-	49,574	49,698	-	49,698
Total Expense	170,895	-	170,895	181,187	-	181,187
	1,274,613	-	1,274,613	1,095,524	-	1,095,524
<b>Change in Net Assets</b>	<b>(31,562)</b>	<b>6,500</b>	<b>(25,062)</b>	<b>93,615</b>	<b>(6,500)</b>	<b>87,115</b>
<b>Net Assets - Beginning of Year</b>	<b>549,512</b>	<b>42,500</b>	<b>592,012</b>	<b>455,897</b>	<b>49,000</b>	<b>504,897</b>
<b>Net Assets - End of Year</b>	<b>\$ 517,950</b>	<b>\$ 49,000</b>	<b>\$ 566,950</b>	<b>\$ 549,512</b>	<b>\$ 42,500</b>	<b>\$ 592,012</b>

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

AMPERSAND FAMILIES  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and Cash Equivalents	\$ 391,579	\$ 419,748
Accounts Receivable	101,324	201,670
Pledges and Grants Receivable	101,784	35,000
Prepaid Expenses	13,629	16,375
Total Current Assets	608,316	672,793
Prepaid Expenses - Non-Current	4,403	4,403
Property and Equipment - Net	33,123	7,354
TOTAL ASSETS	\$ 645,842	\$ 684,550
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 12,070	\$ 36,825
Accrued Salaries and Vacation	66,822	55,713
Total Current Liabilities	78,892	92,538
Net Assets:		
Without Donor Restrictions:		
Undesignated	262,950	294,512
Board Designated	255,000	255,000
Total Unrestricted	517,950	549,512
With Donor Restrictions	49,000	42,500
Total Net Assets	566,950	592,012
TOTAL LIABILITIES AND NET ASSETS	\$ 645,842	\$ 684,550

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, 2019 WITH  
COMPARATIVE TOTALS FOR 2018

	2019				2018	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 696,672	\$ 77,809	\$ 29,438	\$ 107,247	\$ 803,919	\$ 653,011
Employee Benefits	77,873	8,697	3,291	11,988	89,861	74,877
Payroll Taxes	52,528	5,866	2,220	8,086	60,614	49,029
Total Personnel Costs	827,073	92,372	34,949	127,321	954,394	776,917
Program Activities	77,728	-	-	-	77,728	89,297
In-Kind Photography	54,998	-	-	-	54,998	33,570
Transportation	39,778	27	20	47	39,825	33,635
Professional Fees	16,476	13,366	9,830	23,196	39,672	58,399
Occupancy	29,062	5,382	1,435	6,817	35,879	33,361
Office Expense	14,819	1,618	938	2,556	17,375	23,940
Insurance	10,098	1,870	499	2,369	12,467	10,200
Staff and Volunteer Development	9,915	2,271	142	2,413	12,328	11,113
Telecommunication	10,403	1,209	484	1,693	12,096	11,423
Membership Dues	2,187	1,279	-	1,279	3,466	3,242
Miscellaneous	1,475	786	706	1,492	2,967	1,104
Depreciation	9,706	1,141	571	1,712	11,418	9,323
Total Expense	\$ 1,103,718	\$ 121,321	\$ 49,574	\$ 170,895	\$ 1,274,613	\$ 1,095,524

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, 2018

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

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, 2019 AND 2018

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (25,062)	\$ 87,115
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	11,418	9,323
Increase (Decrease) in Liabilities:		
Accounts Payable	(24,755)	26,247
Accrued Salaries and Vacation	11,109	2,594
Decrease (Increase) in Assets:		
Accounts Receivable	100,346	(68,899)
Pledges and Grants Receivable	(66,784)	(35,000)
Prepaid Expenses	2,746	(299)
Net Cash Provided by Operating Activities	<u>9,018</u>	<u>21,081</u>
Cash Flows from Investing Activities:		
Purchase of Property	(37,187)	(7,483)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(28,169)	13,598
Cash and Cash Equivalents - Beginning of Year	<u>419,748</u>	<u>406,150</u>
Cash and Cash Equivalents - End of Year	<u>\$ 391,579</u>	<u>\$ 419,748</u>

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



AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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:

Net Assets without Donor Restrictions – Net assets which are not subject to donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restriction – 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 or do not expire with time nor may be fulfilled by actions of the Organization.

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, 2019 AND 2018

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 with donor restrictions until the donor-imposed restrictions expire or are fulfilled. Net assets with donor restrictions are reclassified to net assets without donor restrictions 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 without donor restriction.

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.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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).

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 7, 2019, 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 72% and 73% of total funding from the State of Minnesota in the years ended June 30, 2019 and 2018, 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, 2019 AND 2018

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,	
	2019	2018
Photography	\$ 55,998	\$ 33,570

4. Leased Facilities

Rental commitments under non-cancelable leases for office space in effect at June 30, 2019 total \$52,899. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2020	\$ 37,039
2021	15,860
Total	\$ 52,899

Rental expense was \$35,879 and \$33,361 for the years ended June 30, 2019 and 2018, 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,		
	2019	2018	<u>Estimated Useful Lives</u>
Leasehold Improvements	\$ 66,735	\$ 29,548	3 – 15 Years
Less Accumulated Depreciation	33,612	22,194	
	\$ 33,123	\$ 7,354	

Depreciation expense of \$11,418 and \$9,323 was recorded for the years ended June 30, 2019 and 2018, respectively.

7. Pension Plan

The Organization has a Simple IRA that covers those employees who meet eligibility requirements. Contributions of \$9,317 were made in the years ended June 30, 2019.

AMPERSAND FAMILIES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

8. Donor Restricted Net Assets

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

	June 30,	
	2019	2018
Innovation Initiative and Development Programs	\$ 40,000	\$ -
Welcome Home Grants	9,000	7,500
Future Operations	-	20,000
Outcomes Study	-	15,000
	\$ 49,000	\$ 42,500

9. Liquidity and Availability

The following represents the Organization's financial assets at June 30, 2019:

Financial Assets:	
Cash	\$ 391,579
Accounts Receivable	101,324
Pledge Receivable	101,784
Total Financial Assets	594,687
Less: Assets not available to be used within one year:	
Net Assets With Donor Restrictions	49,000
Board Designated Net Assets	255,000
Net Assets With Restrictions to be met within a year	(49,000)
Total Assets not available to be used within one year	255,000
Financial assets available for general expenditures within one year	\$ 339,687

The Organization has certain net assets with donor restrictions limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. Organization has Board Designated Net Assets that would be available to use for general expenditures with board approval.

As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.