

Ampersand Families

St. Paul, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2020 and 2019



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, 2020 and 2019, 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, 2020 and 2019, 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 5, 2020

AMPERSAND FAMILIES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 234,765	\$ 20,000	\$ 254,765	\$ 216,740	\$ 45,000	\$ 261,740
In-kind Contributions	22,241	-	22,241	54,998	-	54,998
Government Contributions	214,889	-	214,889	153,505	-	153,505
Program Service Fees	830,700	-	830,700	745,095	-	745,095
Investment Income	1,124	-	1,124	1,191	-	1,191
Special Event Income	50,376	-	50,376	44,575	-	44,575
Cost of Direct Benefits to Donors	17,357	-	17,357	11,553	-	11,553
Special Events - Net	33,019	-	33,019	33,022	-	33,022
Net Assets Released from Restrictions:						
Satisfaction of Program and Time Restrictions	44,000	(44,000)	-	38,500	(38,500)	-
Total Support and Revenue	1,380,738	(24,000)	1,356,738	1,243,051	6,500	1,249,551
Expense:						
Program Services	1,127,522	-	1,127,522	1,103,718	-	1,103,718
Support Services:						
Management and General	169,470	-	169,470	121,321	-	121,321
Fundraising	55,050	-	55,050	49,574	-	49,574
Total Support Services	224,520	-	224,520	170,895	-	170,895
Total Expense	1,352,042	-	1,352,042	1,274,613	-	1,274,613
Change in Net Assets	28,696	(24,000)	4,696	(31,562)	6,500	(25,062)
Net Assets - Beginning of Year	517,950	49,000	566,950	549,512	42,500	592,012
Net Assets - End of Year	\$ 546,646	\$ 25,000	\$ 571,646	\$ 517,950	\$ 49,000	\$ 566,950

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

AMPERSAND FAMILIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash and Cash Equivalents	\$ 395,625	\$ 391,579
Accounts Receivable	201,224	101,324
Pledges and Grants Receivable	20,690	101,784
Prepaid Expenses	<u>14,288</u>	<u>13,629</u>
Total Current Assets	631,827	608,316
Prepaid Expenses - Non-Current	4,403	4,403
Property and Equipment - Net	<u>27,604</u>	<u>33,123</u>
TOTAL ASSETS	<u>\$ 663,834</u>	<u>\$ 645,842</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 9,344	\$ 12,070
Accrued Salaries and Vacation	<u>82,844</u>	<u>66,822</u>
Total Current Liabilities	92,188	78,892
Net Assets:		
Without Donor Restrictions:		
Undesignated	186,646	262,950
Board Designated	<u>360,000</u>	<u>255,000</u>
Total Without Donor Restrictions	546,646	517,950
With Donor Restrictions	<u>25,000</u>	<u>49,000</u>
Total Net Assets	<u>571,646</u>	<u>566,950</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 663,834</u>	<u>\$ 645,842</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, 2020 WITH
COMPARATIVE TOTALS FOR 2019

	2020			2019		
	Total Program Services	Support Services		Total All Services	Total All Services	
		Management & General	Fund- raising	Total Support Services		
Salaries	\$ 754,816	\$ 115,708	\$ 33,447	\$ 149,155	\$ 903,971	\$ 803,919
Employee Benefits	96,613	14,810	4,281	19,091	115,704	89,861
Payroll Taxes	54,681	8,382	2,423	10,805	65,486	60,614
Total Personnel Costs	906,110	138,900	40,151	179,051	1,085,161	954,394
Professional Fees	32,249	14,575	10,584	25,159	57,408	39,672
Permanency Services	51,936	-	-	-	51,936	77,728
Occupancy	31,484	3,704	1,852	5,556	37,040	35,879
Transportation	25,286	63	86	149	25,435	39,825
Office Expense	20,120	2,876	1,197	4,073	24,193	17,375
In-Kind Photography	22,241	-	-	-	22,241	54,998
Telecommunication	12,439	1,463	734	2,197	14,636	12,096
Insurance	11,163	1,666	-	1,666	12,829	12,467
Staff and Volunteer Development	5,488	3,090	138	3,228	8,716	12,328
Membership Dues	3,606	971	-	971	4,577	3,466
Miscellaneous	709	1,610	32	1,642	2,351	2,967
Depreciation	4,691	552	276	828	5,519	11,418
Total Expense	<u>\$ 1,127,522</u>	<u>\$ 169,470</u>	<u>\$ 55,050</u>	<u>\$ 224,520</u>	<u>\$ 1,352,042</u>	<u>\$ 1,274,613</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, 2019

	Total Program Services	Support Services			Total All Services
		Management & General	Fund- raising	Total Support Services	
Salaries	\$ 696,672	\$ 77,809	\$ 29,438	\$ 107,247	\$ 803,919
Employee Benefits	77,873	8,697	3,291	11,988	89,861
Payroll Taxes	52,528	5,866	2,220	8,086	60,614
Total Personnel Costs	<u>827,073</u>	<u>92,372</u>	<u>34,949</u>	<u>127,321</u>	<u>954,394</u>
Professional Fees	16,476	13,366	9,830	23,196	39,672
Permanency Services	77,728	-	-	-	77,728
Occupancy	29,062	5,382	1,435	6,817	35,879
Transportation	39,778	27	20	47	39,825
Office Expense	14,819	1,618	938	2,556	17,375
In-Kind Photography	54,998	-	-	-	54,998
Telecommunication	10,403	1,209	484	1,693	12,096
Insurance	10,098	1,870	499	2,369	12,467
Staff and Volunteer Development	9,915	2,271	142	2,413	12,328
Membership Dues	2,187	1,279	-	1,279	3,466
Miscellaneous	1,475	786	706	1,492	2,967
Depreciation	9,706	1,141	571	1,712	11,418
Total Expense	<u>\$ 1,103,718</u>	<u>\$ 121,321</u>	<u>\$ 49,574</u>	<u>\$ 170,895</u>	<u>\$ 1,274,613</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, 2020 AND 2019

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 4,696	\$ (25,062)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	5,519	11,418
Increase (Decrease) in Liabilities:		
Accounts Payable	(2,726)	(24,755)
Accrued Salaries and Vacation	16,022	11,109
Decrease (Increase) in Assets:		
Accounts Receivable	(99,900)	100,346
Pledges and Grants Receivable	81,094	(66,784)
Prepaid Expenses	(659)	2,746
Net Cash Provided by Operating Activities	<u>4,046</u>	<u>9,018</u>
Cash Flows from Investing Activities:		
Purchase of Property	-	(37,187)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,046	(28,169)
Cash and Cash Equivalents - Beginning of Year	<u>391,579</u>	<u>419,748</u>
Cash and Cash Equivalents - End of Year	<u>\$ 395,625</u>	<u>\$ 391,579</u>

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

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2020 AND 2019

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.

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.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

The Organization has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standards improve the usefulness and understandability of the Organization's financial reporting.

The Organization has also adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard. Both ASUs have been applied retrospectively for the periods ended June 30, 2020 and 2019, as required.

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).

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through October 5, 2020, which is the date financial statements were available to be issued.

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary closing of organizations. Operations and funding of the Organization have been only minimally impacted to-date. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Therefore, the Organization expects this matter to negatively impact the scope of its activities. Reasonable estimates of financial impact cannot be made at this time, but are not expected to be significant.

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, 2020 and 2019, 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, 2020 AND 2019

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,	
	2020	2019
Photography	\$ 22,241	\$ 55,998

4. Leased Facilities

Rental commitments under non-cancelable leases for office space in effect at June 30, 2020 total \$15,860. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2021	\$ 15,860

Rental expense was \$37,040 and \$35,879 for the years ended June 30, 2020 and 2019, 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,		
	2020	2019	Estimated Useful Lives
Leasehold Improvements	\$ 66,735	\$ 66,735	3 – 15 Years
Less Accumulated Depreciation	39,131	33,612	
	\$ 27,604	\$ 33,123	

Depreciation expense of \$5,519 and \$11,418 was recorded for the years ended June 30, 2020 and 2019, respectively.

7. Designated Net Assets

The Organization's Board of Directors has designated funds for the following as of:

	June 30,	
	2020	2019
Operating Reserve	\$ 360,000	\$ 255,000

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. Pension Plan

The Organization has a Simple IRA that covers those employees who meet eligibility requirements. Contributions of \$19,187 and \$9,317 were made in the years ended June 30, 2020 and 2019, respectively.

9. Donor Restricted Net Assets

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

	June 30,	
	2020	2019
Future Operations	\$ 20,000	\$ -
Innovation Initiative and Development Programs	-	40,000
Welcome Home Grants	5,000	9,000
	\$ 25,000	\$ 49,000

10. Liquidity and Availability

The following represents the Organization's financial assets as of:

	June 30,	
	2020	2019
Financial Assets:		
Cash	\$ 395,625	\$ 391,579
Accounts Receivable	201,224	101,324
Pledge Receivable	20,690	101,784
Total Financial Assets	617,539	594,687
Less: Assets not available to be used within one year:		
Net Assets With Donor Restrictions	25,000	49,000
Board Designated Net Assets	360,000	255,000
Net Assets With Restrictions to be met within a year	(25,000)	(49,000)
Total Assets not available to be used within one year	360,000	255,000
Financial assets available for general expenditures within one year	\$ 257,539	\$ 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. The 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.