

Ampersand Families

St. Paul, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2021 and 2020



CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
EXHIBIT A: Statements of Activities and Changes in Net Assets – For the Years Ended June 30, 2021 and 2020	2
EXHIBIT B: Statements of Financial Position – June 30, 2021 and 2020	3
EXHIBIT C: Statement of Functional Expense – For the Year Ended June 30, 2021 with Comparative Totals for 2020	4
EXHIBIT D: Statement of Functional Expense – For the Year Ended June 30, 2020	5
EXHIBIT E: Statements of Cash Flows – For the Years Ended June 30, 2021 and 2020	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, 2021 and 2020, 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, 2021 and 2020, 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 4, 2021

AMPERSAND FAMILIES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 392,607	\$ 1,000	\$ 393,607	\$ 234,765	\$ 20,000	\$ 254,765
In-kind Contributions	6,840	-	6,840	22,241	-	22,241
Government Contributions	529,359	-	529,359	214,889	-	214,889
Program Service Fees	850,470	-	850,470	839,370	-	839,370
Investment Income	1,752	-	1,752	1,124	-	1,124
Other Income	(24,104)	-	(24,104)	-	-	-
Special Event Income	-	-	-	41,706	-	41,706
Cost of Direct Benefits to Donors	-	-	-	17,357	-	17,357
Special Events - Net	-	-	-	24,349	-	24,349
Net Assets Released from Restrictions:						
Satisfaction of Purpose and Time Restrictions	25,000	(25,000)	-	44,000	(44,000)	-
Total Support and Revenue	1,781,924	(24,000)	1,757,924	1,380,738	(24,000)	1,356,738
Expense:						
Program Services	1,268,863	-	1,268,863	1,127,522	-	1,127,522
Support Services:						
Management and General	224,267	-	224,267	169,470	-	169,470
Fundraising	64,656	-	64,656	55,050	-	55,050
Total Support Services	288,923	-	288,923	224,520	-	224,520
Total Expense	1,557,786	-	1,557,786	1,352,042	-	1,352,042
Change in Net Assets	224,138	(24,000)	200,138	28,696	(24,000)	4,696
Net Assets - Beginning of Year	546,646	25,000	571,646	517,950	49,000	566,950
Net Assets - End of Year	\$ 770,784	\$ 1,000	\$ 771,784	\$ 546,646	\$ 25,000	\$ 571,646

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

AMPERSAND FAMILIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and Cash Equivalents	\$ 611,954	\$ 395,625
Accounts Receivable	54,829	70,694
Pledges and Grants Receivable	184,931	151,220
Prepaid Expenses	16,819	14,288
Total Current Assets	868,533	631,827
Prepaid Expenses - Non-Current	7,964	4,403
Property and Equipment - Net	17,066	27,604
TOTAL ASSETS	\$ 893,563	\$ 663,834
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 51,717	\$ 9,344
Accrued Salaries and Vacation	70,062	82,844
Total Current Liabilities	121,779	92,188
Net Assets:		
Without Donor Restrictions:		
Undesignated	235,784	186,646
Board Designated	535,000	360,000
Total Without Donor Restrictions	770,784	546,646
With Donor Restrictions	1,000	25,000
Total Net Assets	771,784	571,646
TOTAL LIABILITIES AND NET ASSETS	\$ 893,563	\$ 663,834

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, 2021 WITH
COMPARATIVE TOTALS FOR 2020

	2021				2020	
	Total Program Services	Management & General	Fund-raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 799,533	\$ 141,135	\$ 38,448	\$ 179,583	\$ 979,116	\$ 903,971
Employee Benefits	93,848	16,566	4,513	21,079	114,927	115,704
Payroll Taxes	58,107	10,257	2,794	13,051	71,158	65,486
Total Personnel Costs	951,488	167,958	45,755	213,713	1,165,201	1,085,161
Professional Fees	114,273	32,366	11,391	43,757	158,030	57,408
Permanency Services	89,294	-	-	-	89,294	51,936
Office Expense	35,568	5,979	4,417	10,396	45,964	24,193
Occupancy	36,527	4,297	2,149	6,446	42,973	37,040
Insurance	12,576	1,679	-	1,679	14,255	12,829
Telecommunication	9,922	986	487	1,473	11,395	14,636
Miscellaneous	300	6,908	-	6,908	7,208	2,351
In-Kind Photography	6,840	-	-	-	6,840	22,241
Staff and Volunteer Development	2,589	2,538	218	2,756	5,345	8,716
Membership Dues	2,918	1,068	-	1,068	3,986	4,577
Transportation	2,936	10	-	10	2,946	25,435
Depreciation	3,632	478	239	717	4,349	5,519
Total Expense	\$ 1,268,863	\$ 224,267	\$ 64,656	\$ 288,923	\$ 1,557,786	\$ 1,352,042

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, 2020

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

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, 2021 AND 2020

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 200,138	\$ 4,696
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,349	5,519
Loss on Disposal of Assets	27,815	-
Increase (Decrease) in Liabilities:		
Accounts Payable	42,373	(2,726)
Accrued Salaries and Vacation	(12,782)	16,022
Decrease (Increase) in Assets:		
Accounts Receivable	15,865	(99,900)
Pledges and Grants Receivable	(33,711)	81,094
Prepaid Expenses	(6,092)	(659)
Net Cash Provided by Operating Activities	<u>237,955</u>	<u>4,046</u>
Cash Flows from Investing Activities:		
Purchase of Property	(21,626)	-
Net Cash Provided by Investing Activities	<u>(21,626)</u>	<u>-</u>
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	216,329	4,046
Cash and Cash Equivalents - Beginning of Year	<u>395,625</u>	<u>391,579</u>
Cash and Cash Equivalents - End of Year	<u>\$ 611,954</u>	<u>\$ 395,625</u>

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

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 available for use in general operations and not subject to donor-imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets with Donor Restriction – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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, 2021 AND 2020

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.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under our federal and state contracts and grants. PPP Loan forgiveness was booked as a Government Contribution per FASB ASC 958.

The Organization recognizes program service fee revenue when the performance obligations of providing the services are met.

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.

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).

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued)

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.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through October 4, 2021, 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 68% and 76% of total funding from the State of Minnesota from two separate contracts, in the years ended June 30, 2021 and 2020, 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 has no reason to believe these contracts will not be renewed.

3. Uncertainties and Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there is still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, the Organization expects this matter may impact its operating results, but reasonable estimates cannot be made at this time.

4. Leased Facilities

Rental commitments under non-cancelable leases for office space in effect at June 30, 2021 total \$792,975. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2022	\$ 95,809
2023	98,684
2024	101,656
2025	104,687
2026	107,860
2027 & Beyond	<u>284,279</u>
	<u>\$ 792,975</u>

Rental expense was \$42,973 and \$37,040 for the years ended June 30, 2021 and 2020, respectively.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

5. 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,	
	2021	2020
Photography	\$ 6,840	\$ 22,241

6. Unemployment Compensation

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

7. Property and Equipment

The Organization owned the following as of:

	June 30,		
	2021	2020	Estimated Useful Lives
Leasehold Improvements	\$ 14,980	\$ 66,735	5 – 15 Years
Office Furnishings	2,169	-	3 – 15 Years
Less Accumulated Depreciation	83	39,131	
	\$ 17,066	\$ 27,604	

Depreciation expense of \$4,349 and \$5,519 was recorded for the years ended June 30, 2021 and 2020, respectively.

8. Designated Net Assets

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

	June 30,	
	2021	2020
Operating Reserve	\$ 535,000	\$ 360,000

9. Retirement Plan

The Organization has a Simple IRA that covers those employees who meet eligibility requirements. Contributions of \$20,271 and \$19,187 were made in the years ended June 30, 2021 and 2020, respectively.

10. Donor Restricted Net Assets

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

	June 30,	
	2021	2020
Future Operations	\$ -	\$ 20,000
Welcome Home Grants	1,000	5,000
	\$ 1,000	\$ 25,000

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

11. Liquidity and Availability

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

	June 30,	
	2021	2020
Financial Assets:		
Cash	\$ 611,954	\$ 395,625
Accounts Receivable	3,369	201,224
Pledge Receivable	236,391	20,690
Total Financial Assets	851,714	617,539
Less: Assets not available to be used within one year:		
Net Assets With Donor Restrictions	1,000	25,000
Board Designated Net Assets	535,000	360,000
Net Assets With Restrictions to be met within a year	(1,000)	(25,000)
Total Assets not available to be used within one year	535,000	360,000
Financial assets available for general expenditures within one year	\$ 316,714	\$ 257,539

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.