

Ampersand Families

St. Paul, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2022 and 2021



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ampersand Families
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Ampersand Families (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ampersand Families and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ampersand Families' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Ampersand Families' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ampersand Families' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Carpenter Ernst and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
October 3, 2022

AMPERSAND FAMILIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 591,926	\$ 88,000	\$ 679,926	\$ 392,607	\$ 1,000	\$ 393,607
In-kind Contributions	18,271	-	18,271	6,840	-	6,840
Government Grants	669,242	-	669,242	529,359	-	529,359
Program Service Fees	764,255	-	764,255	850,470	-	850,470
Investment Income	1,799	-	1,799	1,752	-	1,752
Other Income	-	-	-	(24,104)	-	(24,104)
Net Assets Released from Restrictions:						
Satisfaction of Purpose and Time Restrictions	5,730	(5,730)	-	25,000	(25,000)	-
Total Support and Revenue	2,051,223	82,270	2,133,493	1,781,924	(24,000)	1,757,924
Expense:						
Program Services	1,687,346	-	1,687,346	1,268,863	-	1,268,863
Support Services:						
Management and General Fundraising	316,733	-	316,733	224,267	-	224,267
Total Support Services	81,679	-	81,679	64,656	-	64,656
Total Expense	398,412	-	398,412	288,923	-	288,923
	2,085,758	-	2,085,758	1,557,786	-	1,557,786
Change in Net Assets	(34,535)	82,270	47,735	224,138	(24,000)	200,138
Net Assets - Beginning of Year	770,784	1,000	771,784	546,646	25,000	571,646
Net Assets - End of Year	\$ 736,249	\$ 83,270	\$ 819,519	\$ 770,784	\$ 1,000	\$ 771,784

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

AMPERSAND FAMILIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and Cash Equivalents	\$ 459,051	\$ 611,954
Accounts Receivable	238,187	184,931
Pledges and Grants Receivable	172,985	54,829
Prepaid Expenses	21,999	16,819
Total Current Assets	<u>892,222</u>	<u>868,533</u>
Prepaid Expenses - Non-Current	7,964	7,964
Property and Equipment - Net	<u>39,004</u>	<u>17,066</u>
 TOTAL ASSETS	 <u>\$ 939,190</u>	 <u>\$ 893,563</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 17,278	\$ 51,717
Accrued Salaries and Vacation	<u>102,393</u>	<u>70,062</u>
Total Current Liabilities	119,671	121,779
Net Assets:		
Without Donor Restrictions:		
Undesignated	126,249	235,784
Board Designated	<u>610,000</u>	<u>535,000</u>
Total Without Donor Restrictions	736,249	770,784
With Donor Restrictions	<u>83,270</u>	1,000
Total Net Assets	<u>819,519</u>	<u>771,784</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 939,190</u>	 <u>\$ 893,563</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, 2022 WITH
COMPARATIVE TOTALS FOR 2021

	2022				2021	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 1,104,087	\$ 195,472	\$ 56,835	\$ 252,307	\$ 1,356,394	\$ 979,116
Employee Benefits	154,041	27,272	7,929	35,201	189,242	114,927
Payroll Taxes	79,622	14,097	4,099	18,196	97,818	71,158
Total Personnel Costs	<u>1,337,750</u>	<u>236,841</u>	<u>68,863</u>	<u>305,704</u>	<u>1,643,454</u>	<u>1,165,201</u>
Professional Fees	52,787	53,584	5,977	59,561	112,348	158,030
Permanency Services	106,248	-	-	-	106,248	89,294
Occupancy	78,845	6,132	2,628	8,760	87,605	42,973
Office Expense	28,863	7,408	3,557	10,965	39,828	45,964
Transportation	18,358	-	-	-	18,358	2,946
In-Kind Photography	18,271	-	-	-	18,271	6,840
Insurance	15,553	1,728	-	1,728	17,281	14,255
Telecommunication	12,615	953	427	1,380	13,995	11,395
Staff and Volunteer Development	9,303	2,553	-	2,553	11,856	5,345
Miscellaneous	4,693	5,258	145	5,403	10,096	7,208
Membership Dues	1,592	2,084	-	2,084	3,676	3,986
Depreciation	2,468	192	82	274	2,742	4,349
Total Expense	<u>\$ 1,687,346</u>	<u>\$ 316,733</u>	<u>\$ 81,679</u>	<u>\$ 398,412</u>	<u>\$ 2,085,758</u>	<u>\$ 1,557,786</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, 2021

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

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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 47,735	\$ 200,138
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	2,742	4,349
Loss on Disposal of Assets	-	27,815
Increase (Decrease) in Liabilities:		
Accounts Payable	(34,439)	42,373
Accrued Salaries and Vacation	32,331	(12,782)
Decrease (Increase) in Assets:		
Accounts Receivable	(53,256)	15,865
Pledges and Grants Receivable	(118,156)	(33,711)
Prepaid Expenses	(5,180)	(6,092)
Net Cash Provided (Used) by Operating Activities	<u>(128,223)</u>	<u>237,955</u>
Cash Flows from Investing Activities:		
Purchase of Property	<u>(24,680)</u>	<u>(21,626)</u>
Net Cash (Used) by Investing Activities	<u>(24,680)</u>	<u>(21,626)</u>
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(152,903)	216,329
Cash and Cash Equivalents - Beginning of Year	<u>611,954</u>	<u>395,625</u>
Cash and Cash Equivalents - End of Year	<u>\$ 459,051</u>	<u>\$ 611,954</u>

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

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2022 AND 2021

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 was recorded as a Government Grant per FASB ASC 958 in the year ending June 30, 2021.

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, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

Promises-To-Give (Pledge and Grants 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.

New Accounting Pronouncement

The Organization has adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as management believes the standards improve the usefulness and understandability of the Organization's financial reporting. The ASU has been applied retrospectively for the periods ended June 30, 2022 and 2021, as required.

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 3, 2022, 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% of total funding from the State of Minnesota from two separate contracts, for both years ended June 30, 2022 and 2021, 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. The Organization 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.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

4. Designated Net Assets

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

	June 30,	
	2022	2021
Operating Reserve	\$ 610,000	\$ 535,000

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,	
	2022	2021
Photography	\$ 18,271	\$ 6,840

In-Kind Contributions were utilized for programs during the years ended June 30, 2022 and 2021, and had no donor restrictions. Values were used based on the current market rates the Organization would have paid for the same services if they were not donated.

The Organization records in-kind contributions at fair market value at date of donation. The Organization's policy related to in-kind donations is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist.

6. Leased Facilities

Rental commitments under non-cancelable leases for office space in effect at June 30, 2022 total \$763,050. The future annual rental commitments are as follows:

<u>Due in the Year Ending June 30,</u>	
2023	\$ 108,171
2024	111,236
2025	114,552
2026	118,024
2027	121,555
2028 & Beyond	189,512
	\$ 763,050

Rental expense was \$87,606 and \$42,973 for the years ended June 30, 2022 and 2021, respectively.

7. Pledges and Grants Receivable

The outstanding balance of pledges and grants receivable at June 30, 2022, is expected to be collected in the following fiscal year.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

8. Property and Equipment

The Organization owned the following as of:	<u>June 30,</u>		Estimated Useful Lives
	<u>2022</u>	<u>2021</u>	
Leasehold Improvements	\$ 21,323	\$ 14,980	5 – 15 Years
Office Furnishings	20,506	2,169	3 – 15 Years
Less Accumulated Depreciation	<u>2,825</u>	<u>83</u>	
	<u>\$ 39,004</u>	<u>\$ 17,066</u>	

Depreciation expense of \$2,742 and \$4,349 was recorded for the years ended June 30, 2022 and 2021, respectively.

9. Unemployment Compensation

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

10. Retirement Plan

The Organization has a Simple IRA that covers those employees who meet eligibility requirements. Contributions of \$24,518 and \$20,271 were made in the years ended June 30, 2022 and 2021, respectively.

11. Donor Restricted Net Assets

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

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Subject to Passage of Time:		
Future Years Operating and Program Support	\$ 75,000	\$ -
Subject to Expenditures for Specified Purpose:		
Welcome Home Grants	<u>8,270</u>	<u>1,000</u>
Total Net Assets with Donor Restrictions	<u>\$ 83,270</u>	<u>\$ 1,000</u>

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

12. Liquidity and Availability

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

	June 30,	
	2022	2021
Financial Assets:		
Cash	\$ 459,051	\$ 611,954
Accounts Receivable	238,187	54,829
Pledges and Grants Receivable	172,985	184,931
Total Financial Assets	870,223	851,714
Less: Assets not available to be used within one year:		
Net Assets With Donor Restrictions	83,270	1,000
Board Designated Net Assets	610,000	535,000
Net Assets With Restrictions to be met within a year	(83,270)	(1,000)
Total Assets not available to be used within one year	610,000	535,000
Financial assets available for general expenditures within one year	\$ 260,223	\$ 316,714

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.