

Ampersand Families

St. Paul, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2024 and 2023



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, 2024 and 2023, 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, 2024 and 2023, 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.

Capita ERT and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
November 13, 2024

AMPERSAND FAMILIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
Support and Revenue:						
Contributions of Financial Assets	\$ 421,270	\$ 261,850	\$ 683,120	\$ 356,831	\$ -	\$ 356,831
Contributions of Non-Financial Assets	49,599	-	49,599	58,767	-	58,767
Government Grants	2,286,076	-	2,286,076	2,299,439	-	2,299,439
Program Service Fees	16,400	-	16,400	11,125	-	11,125
Special Events	18,659	-	18,659	-	-	-
Investment and Other Income	10,093	-	10,093	738	-	738
Net Assets Released from Restrictions:						
Satisfaction of Purpose and Time Restrictions	60,000	(60,000)	-	17,500	(17,500)	-
Total Support and Revenue	2,862,097	201,850	3,063,947	2,744,400	(17,500)	2,726,900
Expense:						
Program Services	2,283,210	-	2,283,210	2,353,494	-	2,353,494
Support Services:						
Management and General	470,132	-	470,132	388,718	-	388,718
Fundraising	162,160	-	162,160	109,624	-	109,624
Total Support Services	632,292	-	632,292	498,342	-	498,342
Total Expense	2,915,502	-	2,915,502	2,851,836	-	2,851,836
Change in Net Assets	(53,405)	201,850	148,445	(107,436)	(17,500)	(124,936)
Net Assets - Beginning of Year	628,813	65,770	694,583	736,249	83,270	819,519
Net Assets - End of Year	\$ 575,408	\$ 267,620	\$ 843,028	\$ 628,813	\$ 65,770	\$ 694,583

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

AMPERSAND FAMILIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

<u>ASSETS</u>	2024	2023
Current Assets:		
Cash and Cash Equivalents	\$ 174,431	\$ 20,145
Accounts Receivable	150	207
Pledges and Grants Receivable	773,552	760,034
Prepaid Expenses	11,324	26,461
Total Current Assets	959,457	806,847
Prepaid Expenses - Non-Current	7,964	7,964
Right-of-Use Asset	520,005	629,188
Property and Equipment - Net	47,240	52,662
TOTAL ASSETS	\$ 1,534,666	\$ 1,496,661
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 36,785	\$ 33,114
Accrued Salaries and Vacation	119,249	130,060
Operating Lease Liabilities - Current	108,121	111,236
Total Current Liabilities	264,155	274,410
Operating Lease Liabilities - Non-Current	427,483	527,668
Total Liabilities	691,638	802,078
Net Assets:		
Without Donor Restrictions:		
Undesignated	40,408	93,813
Board Designated	535,000	535,000
Total Without Donor Restrictions	575,408	628,813
With Donor Restrictions	267,620	65,770
Total Net Assets	843,028	694,583
TOTAL LIABILITIES AND NET ASSETS	\$ 1,534,666	\$ 1,496,661

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, 2024 WITH
COMPARATIVE TOTALS FOR 2023

	2024				2023	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 1,389,875	\$ 319,379	\$ 111,341	\$ 430,720	\$ 1,820,595	\$ 1,740,698
Employee Benefits	168,361	38,688	13,487	52,175	220,536	206,761
Payroll Taxes	101,260	23,268	8,112	31,380	132,640	116,737
Total Personnel Costs	1,659,496	381,335	132,940	514,275	2,173,771	2,064,196
Professional Fees	148,087	37,585	18,478	56,063	204,150	122,070
Permanency Services	168,858	-	-	-	168,858	321,923
Occupancy	98,945	15,308	3,336	18,644	117,589	108,894
Office Expense	66,015	14,780	5,783	20,563	86,578	53,605
Donated Photography	49,599	-	-	-	49,599	58,767
Insurance	27,528	3,059	-	3,059	30,587	24,562
Transportation	24,466	2,402	33	2,435	26,901	24,029
Staff and Volunteer Development	15,054	5,761	724	6,485	21,539	27,410
Telecommunication	17,191	1,976	593	2,569	19,760	17,471
Miscellaneous	1,052	6,699	-	6,699	7,751	12,102
Membership Dues	2,202	685	110	795	2,997	11,385
Depreciation	4,717	542	163	705	5,422	5,422
Total Expense	\$ 2,283,210	\$ 470,132	\$ 162,160	\$ 632,292	\$ 2,915,502	\$ 2,851,836

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, 2023

	Total Program Services	Support Services			Total Support Services	Total All Services
		Management & General	Fund- raising			
Salaries	\$ 1,392,226	\$ 268,297	\$ 80,175	\$ 348,472	\$ 1,740,698	
Employee Benefits	168,300	29,797	8,664	38,461	206,761	
Payroll Taxes	95,023	16,823	4,891	21,714	116,737	
Total Personnel Costs	1,655,549	314,917	93,730	408,647	2,064,196	
Professional Fees	95,892	21,762	4,416	26,178	122,070	
Permanency Services	321,923	-	-	-	321,923	
Occupancy	85,293	19,634	3,967	23,601	108,894	
Office Expense	36,015	12,273	5,317	17,590	53,605	
Donated Photography	58,767	-	-	-	58,767	
Insurance	22,108	2,454	-	2,454	24,562	
Transportation	23,993	36	-	36	24,029	
Staff and Volunteer Development	21,701	5,111	598	5,709	27,410	
Telecommunication	15,025	1,747	699	2,446	17,471	
Miscellaneous	1,880	9,581	641	10,222	12,102	
Membership Dues	10,685	661	39	700	11,385	
Depreciation	4,663	542	217	759	5,422	
Total Expense	\$ 2,353,494	\$ 388,718	\$ 109,624	\$ 498,342	\$ 2,851,836	

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, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 148,445	\$ (124,936)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	5,422	5,422
Net Change in Operating Lease Activity	5,883	9,716
Increase (Decrease) in Liabilities:		
Accounts Payable	3,671	15,836
Accrued Salaries and Vacation	(10,811)	27,667
Decrease (Increase) in Assets:		
Accounts Receivable	57	187
Pledges and Grants Receivable	(13,518)	(349,256)
Prepaid Expenses	15,137	(4,462)
Net Cash Provided (Used) by Operating Activities	<u>154,286</u>	<u>(419,826)</u>
Cash Flows from Investing Activities:		
Purchase of Property	-	(19,080)
Net Cash (Used) by Investing Activities	<u>-</u>	<u>(19,080)</u>
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	154,286	(438,906)
Cash and Cash Equivalents - Beginning of Year	<u>20,145</u>	<u>459,051</u>
Cash and Cash Equivalents - End of Year	<u>\$ 174,431</u>	<u>\$ 20,145</u>

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

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 AND 2023

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.

The Organization records contributions of nonfinancial assets at fair market value at date of donation. The Organization's policy related to contributions of nonfinancial assets 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.

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.

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

Special event revenue is equal to the fair value of direct benefits to donors, and contribution revenue for the difference. Deferred revenue is recorded when amounts are received, but the revenue is not yet earned.

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, 2024 AND 2023

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.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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).

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 November 13, 2024, which is the date financial statements were available to be issued.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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 74% and 84% of total funding from the State of Minnesota from two separate contracts, for both years ended June 30, 2024 and 2023, 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. Contributions of Non-Financial Assets

The Organization records contributions of non-financial assets at fair market value at date of donation. Contributions of Non-Financial Assets include the following as of:

	June 30,	
	2024	2023
Photography	\$ 49,599	\$ 58,767

Contributions of Non-Financial Assets were utilized for programs during the years ended June 30, 2024 and 2023, 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.

4. Designated Net Assets

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

	June 30,	
	2024	2023
Operating Reserve	\$ 535,000	\$ 535,000

5. Pledges and Grants Receivable

The outstanding balance of pledges and grants receivable at June 30, 2024, is expected to be collected in the following fiscal year.

6. Property and Equipment

The Organization owned the following as of:

	June 30,		
	2024	2023	Estimated Useful Lives
Leasehold Improvements	\$ 40,404	\$ 40,404	5 – 15 Years
Office Furnishings	20,506	20,506	3 – 15 Years
Less Accumulated Depreciation	(13,670)	(8,248)	
	\$ 47,240	\$ 52,662	

Depreciation expense of \$5,422 was recorded for both the years ended June 30, 2024 and 2023.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

7. Unemployment Compensation

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

8. Retirement Plan

The Organization has a Simple IRA that covers those employees who meet eligibility requirements. Contributions of \$35,524 and \$34,105 were made in the years ended June 30, 2024 and 2023, respectively.

9. Donor Restricted Net Assets

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

	June 30,	
	2024	2023
Subject to Passage of Time:		
Future Years Operating and Program Support	\$ 261,850	\$ 60,000
Subject to Expenditures for Specified Purpose:		
Welcome Home Grants	5,770	5,770
Total Net Assets with Donor Restrictions	\$ 267,620	\$ 65,770

10. Liquidity and Availability

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

	June 30,	
	2024	2023
Financial Assets:		
Cash	\$ 174,431	\$ 20,145
Accounts Receivable	150	207
Pledges and Grants Receivable	773,552	760,034
Total Financial Assets	948,133	780,386
Less: Assets not available to be used within one year:		
Net Assets With Donor Restrictions	267,620	65,770
Board Designated Net Assets	535,000	535,000
Net Assets With Restrictions to be met within a year	(267,620)	(65,770)
Total Assets not available to be used within one year	535,000	535,000
Financial assets available for general expenditures within one year	\$ 413,133	\$ 245,386

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

10. Liquidity and Availability (continued)

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.

11. Operating Leases

The Organization has operating leases for office space and equipment. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Operating Leases:		
Operating Lease Right of Use Asset	\$ <u>520,005</u>	\$ <u>629,188</u>
Operating Lease Liabilities - Current	\$ 108,121	\$ 111,236
Operating Lease Liabilities - Noncurrent	<u>427,483</u>	<u>527,668</u>
Total Operating Lease Liabilities	<u>\$ 535,604</u>	<u>\$ 638,904</u>

The following summarizes the weighted average remaining lease term and discount rate as of:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term:		
Operating Leases	4.50 years	5.50 years
Weighted Average Discount Rate:		
Operating Leases	1.37%	1.37%

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

11. Operating Leases (continued)

Maturities of lease liabilities as of June 30, 2024 were as follows:

Year Ending June 30:	
2025	\$ 114,552
2026	118,024
2027	121,556
2028	125,198
2029	<u>73,068</u>
Total Lease Payments	552,398
Less Present Value Discount	<u>16,794</u>
Present Value of Lease Liabilities	<u>\$ 535,604</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Operating lease expense included in Occupancy	<u>\$ 117,120</u>	<u>\$ 117,120</u>

The following summarizes cash flow information related to leases for the year ended:

	<u>June 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of Lease liabilities:		
Operating cash flows from operating leases	<u>\$ 111,236</u>	<u>\$ 108,171</u>