

Ampersand Families

St. Paul, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
June 30, 2025 and 2024



CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
EXHIBIT A: Statements of Activities – For the Years Ended June 30, 2025 and 2024	3
EXHIBIT B: Statements of Financial Position – June 30, 2025 and 2024	4
EXHIBIT C: Statement of Functional Expense – For the Year Ended June 30, 2025 with Comparative Totals for 2024	5
EXHIBIT D: Statement of Functional Expense – For the Year Ended June 30, 2024	6
EXHIBIT E: Statements of Cash Flows – For the Years Ended June 30, 2025 and 2024	7
NOTES TO FINANCIAL STATEMENTS	8-14



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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, 2025 and 2024, 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, 2025 and 2024, 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.

Capata EAT and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
October 6, 2025

AMPERSAND FAMILIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash and Cash Equivalents	\$ 885	\$ 174,431
Accounts Receivable	-	150
Pledges and Grants Receivable	674,675	773,552
Prepaid Expenses	24,644	11,324
Total Current Assets	700,204	959,457
Prepaid Expenses - Non-Current	7,964	7,964
Right-of-Use Asset	409,316	520,005
Property and Equipment - Net	58,220	47,240
TOTAL ASSETS	\$ 1,175,704	\$ 1,534,666
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 40,522	\$ 36,785
Accrued Salaries and Vacation	127,399	119,249
Operating Lease Liabilities - Current	113,119	108,121
Total Current Liabilities	281,040	264,155
Notes Payable - Non-Current	170,000	-
Operating Lease Liabilities - Non-Current	314,364	427,483
Total Liabilities	765,404	691,638
Net Assets:		
Without Donor Restrictions:		
Undesignated	4,945	40,408
Board Designated	265,000	535,000
Total Without Donor Restrictions	269,945	575,408
With Donor Restrictions	140,355	267,620
Total Net Assets	410,300	843,028
TOTAL LIABILITIES AND NET ASSETS	\$ 1,175,704	\$ 1,534,666

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

EXHIBIT C

AMPERSAND FAMILIES
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2025 WITH
COMPARATIVE TOTALS FOR 2024

	2025				2024	
	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 1,492,818	\$ 406,359	\$ 121,318	\$ 527,677	\$ 2,020,495	\$ 1,820,595
Employee Benefits	147,678	40,199	12,001	52,200	199,878	220,536
Payroll Taxes	110,797	30,160	9,004	39,164	149,961	132,640
Total Personnel Costs	1,751,293	476,718	142,323	619,041	2,370,334	2,173,771
Permanency Services	199,634	-	-	-	199,634	168,858
Professional Fees	100,479	27,351	8,166	35,517	135,996	204,150
Occupancy	79,497	21,640	6,461	28,101	107,598	117,589
Office Expense	51,920	14,133	4,219	18,352	70,272	86,578
Donated Photography	41,240	11,226	3,352	14,578	55,818	49,599
Insurance	26,393	7,184	2,145	9,329	35,722	30,587
Transportation	23,491	6,395	1,909	8,304	31,795	26,901
Staff and Volunteer Development	12,611	3,433	1,025	4,458	17,069	21,539
Telecommunication	12,507	3,405	1,016	4,421	16,928	19,760
Membership Dues	8,080	2,199	657	2,856	10,936	2,997
Miscellaneous	1,938	528	157	685	2,623	7,751
Depreciation	5,353	1,457	435	1,892	7,245	5,422
Total Expense	\$ 2,314,436	\$ 575,669	\$ 171,865	\$ 747,534	\$ 3,061,970	\$ 2,915,502

The accompanying Notes to Financial Statements
are an integral part of this statement.

EXHIBIT D

AMPERSAND FAMILIES
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED JUNE 30, 2024

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

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, 2025 AND 2024

	2025	2024
<u>Increase (Decrease) in Cash and Cash Equivalents</u>		
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (432,728)	\$ 148,445
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	7,245	5,422
Net Change in Operating Lease Activity	2,568	5,883
Increase (Decrease) in Liabilities:		
Accounts Payable	3,737	3,671
Accrued Salaries and Vacation	8,150	(10,811)
Decrease (Increase) in Assets:		
Accounts Receivable	150	57
Pledges and Grants Receivable	98,877	(13,518)
Prepaid Expenses	(13,320)	15,137
Net Cash Provided (Used) by Operating Activities	(325,321)	154,286
Cash Flows from Investing Activities:		
Purchase of Property	(18,225)	-
Cash Flows from Financing Activities:		
Proceeds from Issuance of Line of Credit	170,000	-
Net Increase (Decrease) in Cash and Cash Equivalents	(173,546)	154,286
Cash and Cash Equivalents - Beginning of Year	174,431	20,145
Cash and Cash Equivalents - End of Year	\$ 885	\$ 174,431
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid for:		
Interest	\$ 3,035	\$ -

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

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 Allowance for Credit Losses

Accounts receivable are generally uncollateralized and the Organization does not charge interest on accounts receivable balances. Allowance for credit losses on accounts receivable is determined based on historical experience, an assessment on economic conditions, and review of subsequent collections. The Organization reviews accounts receivable balances on a periodic basis and writes off delinquent receivables to the allowance when they are considered uncollectible. No allowance for credit losses has been provided as accounts receivables are considered collectable.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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, 2025 AND 2024

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. 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

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expense present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Salaries and related expenses are allocated based on time spent or estimated time spent. Expenses that can be identified with a particular function are expensed to that function. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on management's best estimates of employees time and efforts.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through October 6, 2025, which is the date financial statements were available to be issued.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 89% and 74% of total funding from the State of Minnesota from two separate contracts, for both years ended June 30, 2025 and 2024, 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,	
	2025	2024
Photography	\$ 55,818	\$ 49,599

Contributions of Non-Financial Assets were utilized for programs during the years ended June 30, 2025 and 2024, 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,	
	2025	2024
Operating Reserve	\$ 265,000	\$ 535,000

5. Pledges and Grants Receivable

The outstanding balance of pledges and grants receivable at June 30, 2025, is expected to be collected in the following fiscal year.

6. Property and Equipment

The Organization owned the following as of:

	June 30,		
	2025	2024	Estimated Useful Lives
Leasehold Improvements	\$ 40,404	\$ 40,404	5 – 15 Years
Office Furnishings	38,730	20,506	3 – 15 Years
Less Accumulated Depreciation	(20,914)	(13,670)	
	\$ 58,220	\$ 47,240	

Depreciation expense of \$7,245 and \$5,422 was recorded for the years ended June 30, 2025 and 2024, respectively.

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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 \$35,672 and \$35,524 were made in the years ended June 30, 2025 and 2024, respectively.

9. Donor Restricted Net Assets

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

	June 30,	
	2025	2024
Subject to Passage of Time:		
Future Years Operating and Program Support	\$ 140,355	\$ 261,850
Subject to Expenditures for Specified Purpose:		
Welcome Home Grants	-	5,770
Total Net Assets with Donor Restrictions	\$ 140,355	\$ 267,620

10. Liquidity and Availability

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

	June 30,	
	2025	2024
Financial Assets:		
Cash	\$ 885	\$ 174,431
Accounts Receivable	-	150
Pledges and Grants Receivable	674,675	773,552
Total Financial Assets	675,560	948,133
Less: Assets not available to be used within one year:		
Net Assets With Donor Restrictions	140,355	267,620
Board Designated Net Assets	265,000	535,000
Net Assets With Restrictions to be met within a year	(140,355)	(267,620)
Total Assets not available to be used within one year	265,000	535,000
Financial assets available for general expenditures within one year	\$ 410,560	\$ 413,133

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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. 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>2025</u>	<u>2024</u>
Operating Leases:		
Operating Lease Right of Use Asset	<u>\$ 409,316</u>	<u>\$ 520,005</u>
Operating Lease Liabilities - Current	\$ 113,119	\$ 108,121
Operating Lease Liabilities - Noncurrent	<u>314,364</u>	<u>427,483</u>
Total Operating Lease Liabilities	<u>\$ 427,483</u>	<u>\$ 535,604</u>

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

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Weighted Average Remaining Lease Term:		
Operating Leases	3.50 years	4.50 years
Weighted Average Discount Rate:		
Operating Leases	1.37%	1.37%

AMPERSAND FAMILIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

11. Operating Leases (continued)

Maturities of lease liabilities as of June 30, 2025 were as follows:

Year Ending June 30:	
2026	\$ 118,024
2027	121,556
2028	125,198
2029	<u>73,068</u>
Total Lease Payments	437,846
Less Present Value Discount	<u>10,363</u>
Present Value of Lease Liabilities	<u>\$ 427,483</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>2025</u>	<u>2024</u>
Operating lease expense included in Occupancy	<u>\$ 107,589</u>	<u>\$ 117,120</u>

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

	<u>June 30,</u>	
	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of Lease liabilities:		
Operating cash flows from operating leases	<u>\$ 114,552</u>	<u>\$ 111,236</u>

12. Line of Credit

The Organization maintains a \$200,000 secured bank line of credit dated October 31, 2024. The line has a two-year term with provisions for extensions. The entire outstanding principal along with any unpaid accrued interest is due at maturity. Interest, at a rate of 2% over the National Prime Rate (8.0% at June 30, 2025), is payable monthly. All unrestricted assets are pledged as security on the line of credit. The principal balance at June 30, 2025 was \$170,000 and is due at maturity on October 31, 2026.