BEYOND EMANCIPATION

FINANCIAL STATEMENTS

(With Supplementary Information)

Year Ended June 30, 2014

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Independent Auditors' Report

Board of Directors
Beyond Emancipation
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of Beyond Emancipation ("B:E") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 B:E as of June 30, 2014, and the changes in its net assets and its cash

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flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2014, on our consideration of B:E's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering B:E's internal control over financial reporting and compliance.

Oakland, California
December 29, 2014

BEYOND EMANCIPATION
STATEMENT OF FINANCIAL POSITION
June 30, 2014

Assets

Current Assets	
Cash	$ 612,352
Contracts Receivable	344,502
Pledges Receivable	5,000
Prepaid Expenses and Deposits	58,865
Total Current Assets	1,020,719
Property and Equipment	
Housing Furniture and Fixtures	1,813
Equipment	11,452
Software	29,845
Less Accumulated Depreciation	(29,298)
Net Property and Equipment	13,812
Total Assets	**$ 1,034,531**

Liabilities and Net Assets

Current Liabilities	
Accounts Payable	$ 40,438
Payroll-Related Liabilities	23,080
Host Housing Participant Savings Liability	9,950
Accrued Vacation	32,749
Total Current Liabilities	106,217
Net Assets	
Unrestricted	
Unrestricted	160,119
Board-Designated Reserve	640,000
	800,119
Temporarily Restricted	128,195
Total Net Assets	928,314
Total Liabilities and Net Assets	**$ 1,034,531**

See accompanying notes to financial statements

BEYOND EMANCIPATION
STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Alameda County Contract Revenue	$ 1,675,988		$ 1,675,988
Other Contract Revenue	541,257		541,257
Foundation and Individual Contributions	92,090	$ 169,918	262,008
Transit Pass and Gift Card Revenue	87,235		87,235
Other Income	19,083		19,083
Net Assets Released from Restrictions	206,512	(206,512)	-
Total Support and Revenue	2,622,165	(36,594)	2,585,571
Expenses			
Program Services:			
Transitions Services	546,370		546,370
Employment Support	683,586		683,586
Housing Services	859,324		859,324
Program Evaluation	44,411		44,411
Total Program Services	2,133,691	-	2,133,691
Supporting Services:			
General and Administrative	320,896		320,896
Fundraising	178,511		178,511
Total Supporting Services	499,407	-	499,407
Total Expenses	2,633,098	-	2,633,098
Change in Net Assets	**(10,933)**	**(36,594)**	**(47,527)**
Net Assets - Beginning of Year	**811,052**	**164,789**	**975,841**
Net Assets - End of Year	**$ 800,119**	**$ 128,195**	**$ 928,314**

See accompanying notes to financial statements

BEYOND EMANCIPATION
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014

	Transitions Services	Employment Support	Housing Services	Program Evaluation	Program Total	General & Administrative	Fundraising	Supporting Total	Total
Salaries	$ 322,921	$ 419,913	$ 378,577	$ 13,152	$ 1,134,563	$ 204,019	$ 77,003	$ 281,022	$ 1,415,585
Payroll Taxes	28,807	37,438	33,772	1,173	101,190	18,187	6,865	25,052	126,242
Employee Benefits	52,765	69,278	60,485	2,248	184,776	29,973	12,901	42,874	227,650
Consultants	18,103	69,942	12,788	26,028	126,861	43,896	42,415	86,311	213,172
Housing Stipends and Occupancy Costs	-	-	241,763	-	241,763	-	-	-	241,763
Transit Passes	86,760	-	-	-	86,760	-	-	-	86,760
Direct Assistance to Clients	5,917	27,086	43,282	1	76,286	4	11,156	11,160	87,446
Office and Equipment Rent	14,307	29,984	22,545	1,163	67,999	8,520	8,924	17,444	85,443
Office Expenses	10,000	13,609	31,905	408	55,922	3,670	9,387	13,057	68,979
Miscellaneous	6,790	16,336	34,207	238	57,571	12,627	9,860	22,487	80,058
Total Expenses	$ 546,370	$ 683,586	$ 859,324	$ 44,411	$ 2,133,691	$ 320,896	$ 178,511	$ 499,407	$ 2,633,098

See accompanying notes to financial statements

BEYOND EMANCIPATION
STATEMENT OF CASH FLOWS
Year Ended June 30, 2014

Cash Flows From Operating Activities:		
Change in Net Assets	$	(47,527)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation		3,901
(Increase) Decrease in Operating Assets:		
Contracts Receivable		(147,704)
Pledges Receivable		36,000
Prepaid Expenses and Deposits		(7,467)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable		9,339
Payroll-Related Liabilities		(3,582)
Host Housing Participant Savings Liability		(2,750)
Accrued Vacation		2,720
Net Cash Used in Operating Activities		(157,070)
Cash Flows From Investing Activities:		
Purchases of Property and Equipment		(12,095)
Net Cash Used in Investing Activities		(12,095)
Net Decrease in Cash		(169,165)
Cash, Beginning of Year		781,517
Cash, End of Year	**$**	**612,352**
Supplemental Cash Flow Information:		
Interest paid	$	-

See accompanying notes to financial statements

BEYOND EMANCIPATION
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2014

1. ORGANIZATION

Beyond Emancipation (B:E) is a California nonprofit public benefit corporation in Alameda County. B:E provides comprehensive services to more than 840 current and former Alameda County foster and probation youth each year. Without assistance, as they transition into adulthood, these young people face extremely high rates of poverty, unemployment, homelessness, and incarceration.

B:E's services are rooted in a coaching model that provides youth critical opportunities to be creative, connected, resourceful, and whole; to build their capacity for resilience, and to expose them to tools for personal agency and self-determination. In addition B:E supports youth to build reliable social networks with peers, mentors and extended and chosen family members.

B:E's core programs include:

Transitions Services:
Emancipation Support: B:E partners with Alameda County Social Services Agency to bring innovation to the aftercare planning process for in care youth as they prepare to transition out of the child welfare system.

Transitions Services: B:E provides case management and coaching services to the youth in need of extra support in reaching their goals. In this fiscal year B:E has provided transition support services to 469 unduplicated youth.

Employment Support:
Education Support: B:E supports youth to complete high school, secure their diploma or obtain a GED and actively supports youth on multiple post secondary pathways including 2 and 4-year degree programs, and vocational and career and technical education. In fiscal year 2013-2014 Beyond Emancipation supported 413 youth with education services.

B:E's *b2b* program is a 2-year comprehensive college support and retention program offered in partnership with Laney Community College. In 2013-2014, b2b served 25 youth intensively at Laney College.

Employment Support: B:E supports youth to connect with local employers, improve their resumes and cover letters, and to explore career pathways and vocational training opportunities. In fiscal year 2013-2014, B:E supported 178 youth with employment services.

B:E also offers supported employment through internships and fellowships in partnership with Alameda County and local businesses. The *New Beginnings Fellowship* program is coordinated with Alameda County and provides participants with a 6 month paid internship in Alameda County offices along with weekly team-building, professional development and group coaching facilitated by B:E. In 2013-2014, 21 youth participated in the New Beginning Fellowship Program.

In FY 2013-14 Beyond Emancipation launched a new culinary training program: *GROW Oakland* that provides current and former foster youth with high-quality, employer-designed

1. ORGANIZATION (Continued)

training that equips them for jobs in the culinary field such as prep and line cooks, station managers and front-of-house personnel. The training includes 180 hours of classroom learning, preparation for securing California Serv Safe Certification, paid internships and job placement support. In FY 2013-14 Beyond Emancipation ran one cohort of 9 youth in its culinary training program.

Housing Services B:E specializes in a community housing model tailored to youth who benefit from onsite services and participation in a peer community; and a host housing model that promotes permanency between youth and their host family.

B:E's THP+ programs provide housing and supportive services for up to 24 months for emancipated youth ages 18-23, including pregnant and parenting moms and their children.

In the fiscal year 2013-2014 B:E provided transitional housing services to 81 unduplicated youth.

THP+: B:E housed 23 unduplicated youth in its community houses and 36 youth in its host housing model.

THP+FC: In September of 2013 Beyond Emancipation got licensed by State of California to provide THP+FC transitional housing for non minor dependents ages 18-21 and their children, who are still in care. In FY 2013-2014 B:E served 19 unduplicated youth in its THP+FC Community Housing and 3 youth in THP+FC Host Housing programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses as incurred, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Unrestricted Net Assets - Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. Unrestricted net assets may be designated for specific purposes by the Board of Directors.

Temporarily Restricted Net Assets - Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

organization's unspent contributions are classified in this class if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from restricted to unrestricted netassets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Permanently Restricted Net Assets – Permanently restricted net assets are resources whose use by the organization is limited by donor-imposed restrictions that neither expires by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. At June 30, 2014, B:E had no permanently restricted net assets.

All revenues and net gains are reported as increases in unrestricted net assets in the Statement of Activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses are reported as decreases in unrestricted net assets.

Designation of Unrestricted Net Assets

It is the policy of the Board of Directors of B:E to review its plans for future services periodically, and to designate appropriate sums of unrestricted net assets to assure adequate financing of such needs.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, B:E considers all unrestricted highly liquid investments with a maturity of three months or less at the date of acquisition, to be cash equivalents. At June 30, 2014, B:E had no cash equivalents.

Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. The allowance for uncollectible contributions receivable is determined based on management's evaluation of the collectability of individual promises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marketable Securities

B:E carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the changes in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized. At June 30, 2014, B:E had no marketable securities.

Property and Equipment

Expenditures for property, equipment, and leasehold improvements are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives of three to five years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the asset using the straight-line method. The fair value of donated capital items is similarly capitalized. Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements. Assets valued at $2,500 or more are capitalized.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit and review by grantor agencies. The review could result in the disallowance of expenditure under the terms of the grant or reductions of future grant funds. Based on prior experience, the organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Generally accepted accounting principles ("GAAP") allows recognition of contributed services only if the services (a) create or enhance non-financial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Donated property and equipment are also recorded

as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, B:E reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. B:E reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Revenue Recognition

B:E recognizes services and other fee revenue in the period when the service has been provided.

Concentration of Revenue

B:E received approximately 65% of its revenue from Alameda County.

Expense Recognition and Allocation

The costs of providing various programs and other activities are summarized on a functional basis in the Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

B:E is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from California franchise taxes under Section 23701d of the Revenue and

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation Code. It is the opinion of management that all income earned has been related to B:E's tax-exempt status, and there has been no unrelated business income.

GAAP requires an organization to determine whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. B:E has no assets or liabilities related to uncertain tax positions. B:E is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Generally, Federal returns for the past three years remain subject to examination.

Credit Risk

Financial instruments that potentially subject B:E to concentrations of credit risk are primarily cash and accounts receivable. B:E places its cash in banks that are insured in limited amounts by the U.S. Government. Due to operational requirements, B:E's checking and other deposit accounts may be maintained with a balance in excess of the $250,000 federally insured limit. At June 30, 2014, B:E had $359,682 in the bank in excess of federally insured limits.

3. FAIR VALUE MEASUREMENTS

(a) Fair Value of Financial Instruments

The following methods and assumptions were used by B:E in establishing the fair value of its financial statements:

- The carrying amount reported in the balance sheet for the following approximates fair value because of the short maturities of these instruments: Cash, accounts receivable and payable, pledges receivable, prepaid expenses, fiscal agency payable and host housing participant liability. The carrying amounts of long-term receivables and payables approximate fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

(b) Fair Value Hierarchy

B:E reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows.

- Level 1 – Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets in markets that are not active: observable

3. FAIR VALUE MEASUREMENTS (Continued)

inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.
  - When available, B:E measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for all of the assets and liabilities that B:E is required to measure at fair value (for example, unconditional promises to give and in-kind contributions). In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

4. PLEDGES AND CONTRACTS RECEIVABLE

Pledges receivable represent unconditional promises to give at June 30, 2014, as follows:

Total pledges receivable, current	$ 5,000

Contracts receivable at June 30, 2014 consist of the following:

Alameda County - Aftercare	$ 168,458
Alameda County – Staffed Housing	49,150
Alameda County – THP+FC Housing	29,123
First Place for Youth – Host Housing	95,888
Other	1,883
Total contracts receivable, current	$ 344,502

5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during the year ended June 30, 2014, as follows:

Strategic Planning	$ 102,621
Employment Support	61,782
Housing Services	22,476
GROW	17,100
Transitions Services	2,533
Total	$ 206,512

6. TEMPORARILY RESTRICTED NET ASSETS

Net assets were temporarily restricted for the following purposes at June 30, 2014:

Strategic Planning	$ 26,620
Employment Support	73,610
GROW	19,300
Transitions Services	8,665
Total	$ 128,195

7. RETIREMENT PLANS

B:E has a 403(b) contribution plan covering employees who have attained age 18. Participants can contribute before-tax contributions up to the IRS indexed maximum for a calendar year. Each year, B:E provides a matching contribution at its discretion that is allocated in proportion to the employee salary deferrals made during the plan year. The total 2014 employer's contribution was $20,839.

8. OPERATING LEASES

B:E leases office space under a long-term operating lease agreement with monthly payments of $2,309. The future minimum rental payments required under this long-term non-cancelable lease at June 30, 2014 are as follows:

For the years ended June 30,

2015	$ 29,412
2016	4,959
Total	$ 34,371

Rent expense totaled $162,481 for the fiscal year ended June 30, 2014.

9. NONCOMPLIANCE WITH DONOR OR GRANTOR RESTRICTION

Financial awards from Federal, state, and local governmental entities in the form of grants or loans are subject to special audits. Such audits could result in claims against B:E for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

10. CONTINGENCIES

B:E receives nearly all of its support from federal, state and local governments. A significant reduction in the level of this support, if this were to occur, could have a material effect on the organization's programs and activities.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 29, 2014, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

SUPPLEMENTARY INFORMATION

BEYOND EMANCIPATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Contract Grant/Project Number	Contract Period	Program Award Amount	Revenue Recognized	Federal Expenditures
U.S. Department of Health and Human Services						
Chafee Foster Care Independence Program (Title IV-E)						
Passed through Alameda County	93.674	900183	7/1/13-6/30/14	485,754	$ 485,754	$ 485,754
Foster Care Title IV-E						
Passed through Youth Employment Partnership Program (YEP)	93.658	N/A	6/1/13-6/30/14	108,550	6,140	6,140
Passed through Alameda County						
Transitional Housing Program - Plus Foster Care - Community	93.658	N/A	7/1/13-6/30/14	99,404	99,404	99,404
Transitional Housing Program - Plus Foster Care - Host	93.658	N/A	7/1/13-6/30/14	37,191	37,191	37,191
Passed through San Francisco County						
Transitional Housing Program - Plus Foster Care - Community	93.658	N/A	7/1/13-6/30/14	5,343	5,343	5,343
					148,078	148,078
Total Federal Awards					**$ 633,832**	**$ 633,832**

The accompanying notes are an integral part of the schedule of expenditures of federal awards

BEYOND EMANCIPATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Beyond Emancipation ("B:E") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Revenues for the federal awards are received as reimbursement for specific purposes or projects and are recognized based upon eligible recorded expenditures. In some cases total expenditures for programs exceed amounts awarded. Such excess amounts are not included in the accompanying schedule of expenditures of federal awards. The federal awards to B:E are from the U.S. Department of Health and Human Services.

HAILE GIRMA & CO.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
Beyond Emancipation
Oakland, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Beyond Emancipation ("B:E"), (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered B:E's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of B:E's internal control. Accordingly, we do not express an opinion on the effectiveness of the B:E's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether B:E's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Oakland, California
December 29, 2014

HAILE GIRMA & CO.

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Directors
Beyond Emancipation
Oakland, California

Report on Compliance for Each Major Federal Program

We have audited Beyond Emancipation ("B:E")'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of B:E's major federal programs for the year ended June 30, 2014. B:E's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of B:E's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about B:E's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of B:E's compliance.

Opinion on Each Major Federal Program

In our opinion, B:E complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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Report on Internal Control over Compliance

Management of B:E is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered B:E's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of B:E's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Harn Gima & Co.

Oakland, California
December 29, 2014

BEYOND EMANCIPATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2014

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. The type of report issued on the financial statements of Beyond Emancipation: **Unmodified opinion**
2. Internal control over financial reporting:
   - Material weakness(es) identified?: **No**
   - Significant deficiency(ies) identified?: **None Reported**
3. Noncompliance which is material to the financial statements: **No**

Federal Awards

4. Internal control over major federal award programs:
   - Material weakness(es) identified?: **No**
   - Significant deficiency(ies) identified?: **None reported**
5. The type of report issued on compliance for the major federal award programs: **Unmodified opinion**
6. Any audit findings which are required to be reported under section 510(a) of OMB A-133: **No**

Identification of Major Programs

7. The program tested as a major program:

	CFDA #
Chafee Foster Care Independence Program (Title IV-E)	93.674

8. The dollar threshold used to distinguish Type A programs: $300,000
9. Beyond Emancipation was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

BEYOND EMANCIPATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2014

1. There were no prior year audit findings.