



Certified Public Accountants
and Financial Advisors

Beyond Emancipation

Financial Statements

June 30, 2017

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Beyond Emancipation

Report on the Financial Statements

We have audited the accompanying financial statements of Beyond Emancipation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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.

Auditors' 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 auditors' 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 Organization'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 Organization'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 Beyond Emancipation as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



INDEPENDENT AUDITORS' REPORT (continued)

Other Matters

Supplemental 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of County of Alameda Awards on page 14 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 February 13, 2018, on our consideration of Beyond Emancipation's internal control over financial reporting and on out tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 over compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beyond Emancipation's internal control over financial reporting and compliance.

SQUAR MILNER LLP

San Francisco, California
February 13, 2018

Beyond Emancipation

STATEMENT OF FINANCIAL POSITION

June 30, 2017

ASSETS

Cash and cash equivalents	\$ 588,551
Contracts receivable	798,048
Grants and contributions receivable	262,833
Prepaid expenses and other assets	<u>98,684</u>

Total current assets 1,748,116

Property and equipment - net	18,643
Deposits	<u>16,809</u>

\$ 1,783,568

LIABILITIES

Accounts payable and accrued expenses	\$ 113,078
Accrued payroll liabilities	38,914
Accrued vacation liability	53,662
Deferred revenue	39,787
Custodial funds	<u>16,579</u>

Total current liabilities 262,020

NET ASSETS

Unrestricted net assets	
Available for operations	200,204
Board designated - reserves	<u>750,000</u>

Total unrestricted	950,204
Temporarily restricted	<u>571,344</u>

Total net assets 1,521,548

\$ 1,783,568

The accompanying notes are an integral part of this statement.

Beyond Emancipation
STATEMENT OF ACTIVITIES

Year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and support			
Contract revenue	\$ 3,131,837	\$ -	\$ 3,131,837
Grants and contributions	275,958	212,000	487,958
In-kind contributions	45,496	-	45,496
Transit pass and gift card revenue	44,145	-	44,145
Other income	40,926	-	40,926
Net assets released from restrictions	585,227	(585,227)	-
	<u>4,123,589</u>	<u>(373,227)</u>	<u>3,750,362</u>
Total revenue and support			
Expenses			
Program services			
Transitions services	415,109	-	415,109
Education and career	792,691	-	792,691
Housing services	1,128,983	-	1,128,983
Independent living program	781,449	-	781,449
Total program services	<u>3,118,232</u>	<u>-</u>	<u>3,118,232</u>
Supporting services			
Management and general	606,423	-	606,423
Fundraising	201,220	-	201,220
	<u>3,925,875</u>	<u>-</u>	<u>3,925,875</u>
Total expenses			
CHANGE IN NET ASSETS	197,714	(373,227)	(175,513)
Net assets - beginning of year	<u>752,490</u>	<u>944,571</u>	<u>1,697,061</u>
Net assets - end of year	<u>\$ 950,204</u>	<u>\$ 571,344</u>	<u>\$ 1,521,548</u>

The accompanying notes are an integral part of this statement.

Beyond Emancipation

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2017

	Program services					Supporting services					Total
	Transitions services	Education and Career	Housing services	Independent living program	Program evaluation	Total program services	Management and general	Fundraising	Coaching	Common facility costs	
Salaries	\$ 233,016	\$ 370,149	\$ 422,776	\$ 320,593	\$ 114,257	\$ 1,460,791	\$ 395,911	\$ 97,179	\$ 5,707	\$ -	\$ 1,959,588
Payroll taxes	20,251	32,048	36,370	27,320	9,671	125,660	33,572	8,236	760	-	168,228
Employee benefits	33,115	51,281	53,692	39,188	18,749	196,025	54,825	14,036	1,249	-	266,135
Workers compensation	6,873	10,955	12,428	9,357	3,317	42,930	7,626	2,811	258	-	53,625
Occupancy	-	27,625	301,146	-	-	328,771	-	-	-	56,038	384,809
Professional fees	8,514	127,835	40,021	54,804	19,837	251,011	56,712	45,798	33,165	48,583	435,269
Direct assistance to clients	40,450	56,605	85,423	189,332	-	371,810	-	6,600	-	-	378,410
Office supplies, copying and postage	4,102	5,849	9,027	12,918	79	31,975	2,128	6,084	5,127	12,056	57,370
Telephone	477	2,386	13,083	153	-	16,099	120	42	-	26,744	43,005
Expendable equipment	15,476	2,369	4,216	11,196	471	33,728	2,480	223	-	5,899	42,330
Travel	1,375	3,689	8,267	2,607	4,210	20,148	214	650	8,089	165	29,266
Gifts in-kind - rent	-	-	-	-	-	-	-	-	-	27,496	27,496
Gifts in-kind - client assistance	-	-	-	18,000	-	18,000	-	-	-	-	18,000
Insurance	-	-	-	-	-	-	3,482	-	-	11,118	14,600
Equipment rental and maintenance	-	89	-	-	-	89	-	-	-	6,057	6,146
Dues and subscriptions	45	45	45	956	-	1,091	1,091	1,635	12	914	4,743
Conferences and meetings	1,028	1,698	1,630	2,356	571	7,283	2,544	715	1,581	5,288	17,411
Miscellaneous	385	2,786	244	-	-	3,415	90	-	-	3,552	7,057
Bank charges and other fees	-	577	1,506	1,905	464	4,452	683	1,716	900	670	8,421
Depreciation	-	1,000	-	-	-	1,000	-	1,599	-	1,367	3,966
Facility cost allocation	19,868	38,176	57,408	33,757	8,047	157,256	35,319	10,707	2,665	(205,947)	-
Program evaluation allocation	23,918	45,661	64,847	45,247	(179,673)	-	-	-	-	-	-
Coaching allocation	6,216	11,868	16,854	11,760	-	46,698	9,626	3,189	(59,513)	-	-
Total Expenses	\$ 415,109	\$ 792,691	\$ 1,128,983	\$ 781,449	\$ -	\$ 3,118,232	\$ 606,423	\$ 201,220	\$ -	\$ -	\$ 3,925,875

The accompanying notes are an integral part of this statement.

Beyond Emancipation
STATEMENT OF CASH FLOWS

Year ended June 30, 2017

Cash flows provided by (used in) operating activities:	
Change in net assets	\$ (175,513)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,966
(Increase) decrease in operating assets:	
Receivables	(175,906)
Prepaid expenses and other assets	(22,699)
Deposits	(4,280)
Increase in operating liabilities:	
Accounts payable and accrued expenses	408
Deferred revenue	23,287
Accrued vacation liability	10,462
Accrued payroll liability	(3,884)
Custodial funds	9,279
	<hr/>
Net cash used in operating activities	(334,880)
	<hr/>
Cash flows used in investing activities:	
Purchase of equipment	(18,000)
	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(352,880)
	<hr/>
Cash and cash equivalents - beginning of the year	941,431
	<hr/>
Cash and cash equivalents - end of the year	\$ 588,551
	<hr/> <hr/>

The accompanying notes are an integral part of this statement.

Beyond Emancipation

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE A – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Beyond Emancipation (B:E) is a nonprofit corporation located in Oakland, California. B:E provides a transformational environment for transition-aged youth who have experience in foster care and/or probation placements so that they can live more healthy, productive and connected lives. B:E serves Alameda County youth ages 16-24 each year. Without assistance, as they transition into adulthood, these young people face extremely high rates of poverty, unemployment, homelessness, and incarceration.

All of B:E's services are rooted in a coaching model: Creative, Connected, Resourceful and Whole (CCRW). CCRW is built on the premise that youth need to identify, access and cultivate their own strengths, voice and values, if they are to achieve enduring success in school, the workplace and housing. By doing so, youth are able to uncover competing beliefs and challenge the behaviors that may interfere with their ability to identify and realize their aspirations. Through CCRW young people move from being program supported to internally motivated and develop the inner resiliency, sense of competence and external support networks key to long term success.

B:E's core programs include:

Transitions Services: B:E provides case management and coaching services to the youth in need of extra support in reaching their goals. B:E also 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.

Education and Career: B:E supports youth to connect with local employers, improve their resumes and cover letters, and to explore career pathways and vocational training opportunities. B:E also offers supported employment through internships and fellowships in partnership with Alameda County and local businesses. 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. B:E's *b2b* program is a 2-year comprehensive college support and retention program offered in partnership with Laney Community College.

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. B:E also provides THP+FC transitional housing for non-minor dependents ages 18-21 and their children, who are still in care.

Beyond Emancipation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017

NOTE A – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Independent Living Program: The program is designed to work with youth ages 14-21, who are still in foster care, to help them build the skills and support needed to ensure a successful transition from the foster care system to adulthood. Program components include 1:1 and group activities that emphasize secondary school completion, college readiness, career exploration, financial literacy, health and wellness, identity formation and building community.

A summary of the significant policies applied in the preparation of the accompanying financial statements follows:

Basis of accounting

The financial statements of B:E have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Cash and cash equivalents

For purposes of the statement of cash flows, B:E considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of credit risk

Financial instruments that potentially subject B:E to concentrations of credit risk consist principally of cash and cash equivalents, contracts receivable and contract revenue. Risks associated with cash and cash equivalents are mitigated by banking with creditworthy institutions. Such balances with any one institution may, at times, be in excess of federally insured amounts (currently \$250,000 per depositor). B:E has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Contracts receivable

Contracts receivable include various third party payment arrangements that are stated at the amount management expects to collect. B:E provides for losses on contracts receivable using the allowance method. At June 30, 2017, no allowance has been provided since management expects contracts receivable to be fully collected.

Beyond Emancipation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017

NOTE A – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and contributions receivable

Grants and contributions receivable include unconditional commitments from various foundations and individuals that are recorded at the net realizable value of the amount expected to be collected by management, less an allowance for doubtful pledges. Grants and contributions receivable beyond one year are discounted to present value of expected future cash flow using a risk-based discount rate. The accompanying financial statements do not provide for an allowance for uncollectible promises to give or discount to net realizable value at June 30, 2017, as management believes that it will collect all promises to give and are all due within the next year.

Property and equipment

Property and equipment with useful lives greater than one year and a cost basis of \$2,500 or more are capitalized and are recorded at cost, if purchased, or fair value, if donated. Depreciation is provided over the estimated useful lives of respective assets, normally 3 to 5 years using the straight-line method of depreciation.

Income tax status

B:E is exempt from Federal and State income tax under Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the State Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Internal Revenue Code and similar code section of the California Revenue and Taxation Code, is subject to income tax. Each year management considers whether any material tax positions B:E has taken are more likely than not to be sustained upon examination by the applicable taxing authority. Management believes that any positions B:E has taken are supported by substantial authority and, hence, do not need to be measured or disclosed in these financial statements.

Description of net assets

Net assets, revenues, expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of B:E and changes therein are classified and reported as followed:

Unrestricted net assets - represent net assets that are not subject to donor-imposed stipulations. The Board of Directors has designated a portion of the unrestricted net assets for operating reserves. The amounts designated are not available for the Organization's operations without Board of Director's approval.

Beyond Emancipation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017

NOTE A – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of net assets (continued)

Temporarily restricted net assets - represent net assets subject to donor-imposed stipulations that may or will be met either by actions of B:E and/or the passage of time.

Permanently restricted net assets - represent net assets subject to donor-imposed stipulations that neither expire by passage of time nor can otherwise be removed by actions B:E. There were no permanently restricted net assets at June 30, 2017.

Revenue recognition

Contract revenue

B:E recognizes contract revenue from arrangements with various third parties in the period when the service has been provided.

Grants and contributions

Grant and contributions are recognized when a donor makes a promise to give to B:E that is, in substance, unconditional. All donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

In-kind contributions

B:E records contributed services and material at their estimated fair value on the date of receipt. Contributed services are recognized if the services received required specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not received through donation. Contributions of tangible assets are recognized at fair market value received. The amount reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

Allocation of expenses

Salaries and employee benefits are allocated to programs and supporting activities based on employees' actual time spent in each activity. Management determined that the program evaluation service has benefitted only program activities so these costs have been allocated only to programs. Coaching and shared facility costs benefitted all activities, and therefore, costs were allocated to relevant activities based on the direct costs of each.

Beyond Emancipation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017

NOTE A – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. These estimates and assumptions affect the reported amounts and disclosures. Significant accounting estimates reflected in B:E's financial statements include the valuation and collectability of all receivables, and the functional allocation of expenses. Actual results could differ from those estimates.

Subsequent events

Management has evaluated subsequent events through February 13, 2018, the date on which the financial statements were available to be issued.

NOTE B – GRANTS AND CONTRIBUTIONS RECEIVABLE

At June 30, 2017, grants and contributions receivable totaling \$ 262,833 are receivable in less than one year.

NOTE C – PROPERTY AND EQUIPMENT

At June 30, 2017, property and equipment consists of:

Leasehold improvements	\$ 18,000
Furniture and equipment	7,994
Software	9,200
	<hr/>
	35,194
Less: accumulated depreciation	<hr/> (16,551)
	<hr/>
Property and equipment - net	<u>\$ 18,643</u>

Beyond Emancipation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017, temporarily restricted net assets were available for the following purposes:

Capacity building	\$ 247,978
B2B Community College Success	137,850
Performance evaluation	92,920
Workforce development	56,250
Transitions services	26,824
Educational advocacy	<u>9,522</u>
	<u>\$ 571,344</u>

For the year ended June 30, 2017, restrictions from releases were as follows:

Capacity building	\$ 180,742
B2B Community College Success	155,267
Performance evaluation	147,910
Transitional services	40,833
Educational advocacy	23,893
Employment Support - GROW	20,000
Workforce development	8,750
Time restriction	7,000
Coaching	<u>832</u>
	<u>\$ 585,227</u>

NOTE E – CONCENTRATIONS

At June 30, 2017, 53% and 68% of contracts receivable and contract revenue, respectively, were from Alameda County Social Services.

NOTE F – RETIREMENT BENEFITS

B:E has established a 403(b) defined contribution plan. At the discretion of Board of Directors, a matching contribution is provided every year of up to 3% of employee compensation. B:E's contribution to the plan for the year ended June 30, 2017 was \$35,672.

Beyond Emancipation

NOTES TO FINANCIAL STATEMENTS (continued)

June 30, 2017

NOTE G – OPERATING LEASES

B:E leases office space under a long-term operating lease agreement which expires on December 31, 2020. Future minimum payments under this arrangement are as follows:

<u>Year ending June 30,</u>	
2018	\$ 70,122
2019	72,226
2020	<u>55,379</u>
	<u><u>\$ 197,727</u></u>

In addition, B:E leases various facilities and certain equipment under month to month agreements.

Rent expense for the year ended June 30, 2017 was \$185,087.

SUPPLEMENTAL INFORMATION

Beyond Emancipation

SCHEDULE OF COUNTY OF ALAMEDA AWARDS

Year ended June 30, 2017

	Aftercare	THP+Staffed Housing	ILP
Program Name:			
Contract Number:	12896	12853	13109
Exhibit Number:	none	none	none
Contract Period:	7/1/16-6/30/17	7/1/16-6/30/17	05/01/16-6/30/17
Contract Amount:	<u>\$ 1,036,214</u>	<u>\$ 517,074</u>	<u>\$ 816,202</u>
Expenses:			
Personnel Costs	\$ 680,644	\$ 244,523	\$ 396,458
Professional Fees	47,172	23,587	54,804
Subcontracts	-	-	153,695
Direct Client Expenses	22,847	12,194	35,638
Program Expenses	120,888	61,883	109,721
CCRW (coaching)	14,583	4,995	9,001
Rent/Lease	-	84,187	-
Interest Expense	-	-	-
Indirect Expense	<u>150,080</u>	<u>78,397</u>	<u>141,270</u>
Total Expenses	<u>\$ 1,036,214</u>	<u>\$ 509,766</u>	<u>\$ 900,587</u>
Amount reimbursed by Alameda County	<u>\$ 1,036,214</u>	<u>\$ 317,783</u>	<u>\$ 798,075</u>
Revenue excess/(deficit)	<u>\$ -</u>	<u>\$ (191,983)</u>	<u>\$ (102,512)</u>

Beyond Emancipation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2017

<u>Federal Grantor Agency/Pass-Through Agency/Federal Program Title</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Federal Expenditures</u>
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Alameda County Social Services			
Chaffee Foster Care Independence Program	93.674	12896	\$ 692,713
Chaffee Foster Care Independence Program	93.674	13109	389,994
			<u>1,082,707</u>
Foster Care Title VI-E	93.658	12896	42,808
Foster Care Title VI-E	93.658	13109	108,785
			<u>151,593</u>
Passed through State of California			
Foster Care Title VI-E	93.658	12853	203,328
			<u>203,328</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 1,437,628</u></u>

Beyond Emancipation

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Beyond Emancipation under programs of the federal government for the year ended June 30, 2017 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Beyond Emancipation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Beyond Emancipation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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 (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2017, 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 February 13, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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* (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.



San Francisco, California
February 13, 2018

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Beyond Emancipation

Report on Compliance for Each Major Federal Program

We have audited Beyond Emancipation's (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2017. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2017.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (continued)

Report on Internal Control over Compliance

Management of the Organization 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 the Organization'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 the Uniform Guidance, 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 the Organization'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



San Francisco, California
February 13, 2018

Beyond Emancipation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2017

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Beyond Emancipation (the "Organization") were prepared in accordance with GAAP.
2. No material weaknesses or significant deficiencies were reported during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies were reported during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this Schedule.
7. The program tested as a major program was:

93.674 Chaffee Foster Care Independence Program
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Organization did not qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

No matters reported.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No matters reported.