

Beyond Emancipation

Financial Statements
and Single Audit Reports and Schedules

June 30, 2018



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Beyond Emancipation
Oakland, CA

We have audited the accompanying financial statements of Beyond Emancipation (a California nonprofit corporation) ("B:E"), which comprise the statement of financial position as of June 30, 2018, 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 of America. 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 Beyond Emancipation as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Additionally, the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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. 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 21, 2018, 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.



Armanino^{LLP}
San Francisco, California

December 21, 2018

Beyond Emancipation
Statement of Financial Position
June 30, 2018

ASSETS

Current assets	
Cash and cash equivalents	\$ 716,687
Contracts receivable	842,146
Grants and contributions receivable	195,000
Prepaid expenses and other assets	<u>66,148</u>
Total current assets	<u>1,819,981</u>
Noncurrent assets	
Property and equipment, net	19,040
Deposits	<u>17,309</u>
Total noncurrent assets	<u>36,349</u>
Total assets	<u><u>\$ 1,856,330</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 73,286
Accrued payroll	39,674
Accrued vacation	56,004
Deferred revenue	28,646
Custodial funds	<u>9,747</u>
Total current liabilities	<u>207,357</u>
Net assets	
Unrestricted	
Unrestricted	293,517
Board-designated	<u>725,000</u>
Total unrestricted	1,018,517
Temporarily restricted	<u>630,456</u>
Total net assets	<u>1,648,973</u>
Total liabilities and net assets	<u><u>\$ 1,856,330</u></u>

The accompanying notes are an integral part of these financial statements.

Beyond Emancipation
Statement of Activities
For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support			
Contract revenue	\$ 2,977,118	\$ -	\$ 2,977,118
Grants and contributions	250,563	611,000	861,563
In-kind contributions	89,959	-	89,959
Transit pass and gift card revenue	67,290	-	67,290
Other revenue	28,693	-	28,693
Net assets released from restrictions	<u>551,888</u>	<u>(551,888)</u>	<u>-</u>
Total revenue and support	<u>3,965,511</u>	<u>59,112</u>	<u>4,024,623</u>
Functional expenses			
Program services			
Transition Services	490,584	-	490,584
Education and Career	663,983	-	663,983
Housing Services	1,108,098	-	1,108,098
Independent Living Program	770,850	-	770,850
Coaching	<u>3,119</u>	<u>-</u>	<u>3,119</u>
Total program services	3,036,634	-	3,036,634
Support services			
Management and general	566,825	-	566,825
Fundraising	<u>293,739</u>	<u>-</u>	<u>293,739</u>
Total support services	<u>860,564</u>	<u>-</u>	<u>860,564</u>
Total functional expenses	<u>3,897,198</u>	<u>-</u>	<u>3,897,198</u>
Change in net assets	68,313	59,112	127,425
Net assets, beginning of year	<u>950,204</u>	<u>571,344</u>	<u>1,521,548</u>
Net assets, end of year	<u>\$ 1,018,517</u>	<u>\$ 630,456</u>	<u>\$ 1,648,973</u>

The accompanying notes are an integral part of these financial statements.

Beyond Emancipation
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program services						Support services				Total
	Transition Services	Education and Career	Housing Services	Independent		Coaching	Total Program Services	Management and General	Fundraising	Common Facility Costs	
				Living Program	Program Evaluation						
Personnel expenses											
Salaries and wages	\$ 306,070	\$ 293,620	\$ 388,345	\$ 384,258	\$ 88,160	\$ 49,709	\$ 1,510,162	\$ 335,174	\$ 179,333	\$ -	\$ 2,024,669
Payroll taxes	26,558	25,478	33,697	33,343	7,650	4,313	131,039	29,084	15,561	-	175,684
Employee benefits	44,592	42,158	56,540	55,672	12,658	7,137	218,757	48,473	26,719	-	293,949
Workers compensation	8,118	7,788	10,300	10,192	2,338	1,318	40,054	8,890	4,756	-	53,700
Total personnel expenses	385,338	369,044	488,882	483,465	110,806	62,477	1,900,012	421,621	226,369	-	2,548,002
Occupancy	-	19,119	333,330	2,660	-	-	355,109	-	800	126,450	482,359
Professional fees	26,100	122,850	57,795	42,111	21,490	20,131	290,477	85,275	28,183	27,681	431,616
Direct assistance to clients	12,084	53,020	59,890	114,607	100	-	239,701	-	54	-	239,755
Office supplies, copying and printing	1,930	4,515	7,743	10,697	686	2,512	28,083	3,483	4,625	8,299	44,490
Telephone	1,009	2,275	13,113	2,235	-	-	18,632	-	-	32,852	51,484
Expendable equipment	-	-	-	2,216	-	-	2,216	173	194	2,730	5,313
Travel	1,199	2,344	5,971	8,270	959	(459)	18,284	270	532	2	19,088
Insurance	-	-	-	-	-	-	-	4,702	-	12,003	16,705
Equipment rental and maintenance	-	-	-	-	-	-	-	-	-	6,961	6,961
Dues and subscriptions	-	-	50	480	-	-	530	1,363	721	1,241	3,855
Conference and meetings	659	1,168	1,025	2,065	179	2,829	7,925	2,497	949	6,002	17,373
Miscellaneous	1,000	75	301	20	375	-	1,771	1,051	75	861	3,758
Bank charges and other fees	12	668	1,510	5,775	573	-	8,538	2,376	5,754	898	17,566
Depreciation and amortization	-	6,000	-	-	-	-	6,000	-	1,599	-	7,599
Bad debt expense	(1)	-	150	-	-	-	149	-	1,125	-	1,274
Facility cost allocation	26,982	36,520	60,937	42,397	7,328	4,743	178,907	31,006	16,067	(225,980)	-
Program evaluation allocation	23,046	31,191	52,047	36,212	(142,496)	-	-	-	-	-	-
Coaching allocation	11,226	15,194	25,354	17,640	-	(89,114)	(19,700)	13,008	6,692	-	-
	<u>\$ 490,584</u>	<u>\$ 663,983</u>	<u>\$ 1,108,098</u>	<u>\$ 770,850</u>	<u>\$ -</u>	<u>\$ 3,119</u>	<u>\$ 3,036,634</u>	<u>\$ 566,825</u>	<u>\$ 293,739</u>	<u>\$ -</u>	<u>\$ 3,897,198</u>

The accompanying notes are an integral part of these financial statements.

Beyond Emancipation
Statement of Cash Flows
For the Year Ended June 30, 2018

Cash flows from operating activities	
Change in net assets	\$ 127,425
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	7,599
Changes in operating assets and liabilities	
Contracts receivable	(44,098)
Grants and contributions receivable	67,833
Prepaid expenses and other assets	32,536
Deposits	(500)
Accounts payable	(39,792)
Accrued payroll	760
Accrued vacation	2,342
Deferred revenue	(11,141)
Custodial funds	<u>(6,832)</u>
Net cash provided by operating activities	<u>136,132</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(7,996)</u>
Net cash used in investing activities	<u>(7,996)</u>
Net increase in cash and cash equivalents	128,136
Cash and cash equivalents, beginning of year	<u>588,551</u>
Cash and cash equivalents, end of year	<u>\$ 716,687</u>

The accompanying notes are an integral part of these financial statements.

Beyond Emancipation
Notes to Financial Statements
June 30, 2018

1. NATURE OF OPERATIONS

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:

Transition 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 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 from 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.

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.

Beyond Emancipation
Notes to Financial Statements
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of B:E are prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America specific to nonprofit organizations. B:E's activities and net assets are classified as unrestricted, temporarily restricted and permanently restricted according to the terms of the various contributions, grants, bequests and donors' wishes or interests.

- *Unrestricted net assets* - Net assets 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 B:E's operations without Board of Director's approval.
- *Temporarily restricted net assets* - 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they will be maintained permanently by B:E. There were no permanently restricted net assets at June 30, 2018.

Cash and cash equivalents

B:E considers all highly liquid investments with original maturities of three months or less to be cash equivalents. B:E places its cash with high credit quality institutions. Periodically, such balances may be in excess of federally insured limits.

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, 2018, there was no allowance for doubtful accounts.

Grants and contributions receivables

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 the present value of expected future cash flow using a risk-based discount rate. The accompanying financial statements do not provide for an allowance of uncollectible promises to give or discount to net realizable value at June 30, 2018, as management believes that it will collect all promises to give and are all due within the next year.

Beyond Emancipation
Notes to Financial Statements
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated goods, services and use of facilities

B:E recognizes the value of donated goods and free use of facilities at fair value. B:E recognizes the fair value of donated services if the services received (a) create or enhance non-financial assets or (b) require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the year ended June 30, 2018, donated goods and free use of facilities recognized in the statement of activities amounted to \$62,992.

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 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. Leasehold improvements are amortized over the lesser of the estimated useful lives or the remaining term of the lease.

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.

Functional 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 benefited only program activities so these costs have been allocated only to programs. Coaching and shared facility costs benefited all activities, and therefore, costs were allocated to relevant activities based on the direct costs of each.

Beyond Emancipation
Notes to Financial Statements
June 30, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

B:E is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, B:E qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. Management believes that all activities during the year ended June 30, 2018 were related to B:E's exempt purpose and therefore did not incur any unrelated business income or related taxes.

Generally accepted accounting principles require the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken in the organization's tax returns. Management has determined that B:E does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that B:E's tax returns will not be challenged by the taxing authorities and that B:E will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, B:E's tax returns remain open for federal income tax examinations for three years from the date of filing.

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events

Management has evaluated subsequent events through December 21, 2018, the date on which the financial statements were available to be issued. No subsequent events were identified that required adjustment to or disclosure in the financial statements.

3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

Furniture and fixtures	\$ 25,190
Leasehold improvements	<u>18,000</u>
	43,190
Accumulated depreciation and amortization	<u>(24,150)</u>
	<u>\$ 19,040</u>

Depreciation and amortization expense for the year ended June 30, 2018 amounted to \$7,599.

Beyond Emancipation
Notes to Financial Statements
June 30, 2018

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

Capacity building	\$ 116,772
B2B Community College Success	168,132
Workforce development	205,876
Transitions services	25,000
Educational advocacy	14,676
General operating support in future periods	<u>100,000</u>
	<u><u>\$ 630,456</u></u>

Temporarily restricted net assets released from restriction during the year were as follows:

Capacity building	\$ 131,207
B2B Community College Success	177,219
Performance evaluation	92,919
Workforce development	72,874
Transitions services	62,824
Educational advocacy	<u>14,845</u>
	<u><u>\$ 551,888</u></u>

5. RETIREMENT BENEFITS

B:E has established a 403(b) defined contribution plan. At the discretion of the 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, 2018 was \$42,334.

6. COMMITMENTS AND CONTINGENCIES

B:E leases its facilities under a long-term operating lease agreement that expires on December 31, 2020. The facilities lease calls for escalating rent payments. Rent expense is recognized on a straight-line basis over the term of the lease agreement.

The scheduled minimum lease payments under the lease terms are as follows:

<u>Year ending June 30,</u>	
2019	\$ 72,226
2020	<u>55,379</u>
	<u><u>\$ 127,605</u></u>

Beyond Emancipation
Notes to Financial Statements
June 30, 2018

6. COMMITMENTS AND CONTINGENCIES (continued)

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

Rent expense amounted to \$258,408 for the year ended June 30, 2018.

7. CONCENTRATIONS

At June 30, 2018, 60% of contracts receivable and contract revenue, respectively, were from Alameda County Social Services.

At June 30, 2018, 31% and 28% of contracts receivable and contract revenue, respectively, were from First Place for Youth.

SUPPLEMENTARY INFORMATION

Beyond Emancipation
Schedule of County of Alameda Awards
For the Year Ended June 30, 2018

Program name:	Aftercare	ILP
Contract number:	900183	900183
Purchase order number:	15189	15467
Procurement number:	15800	15077
Contract period:	7/1/17-6/30/18	7/1/17-6/30/18
Contract amount:	<u>\$ 1,041,654</u>	<u>\$ 740,000</u>
Expenses		
Personnel costs	\$ 723,664	\$ 492,915
Professional fees	60,517	92,014
Direct client expenses	13,791	54,906
Travel	2,127	13,019
Coaching	21,378	-
Office expenses	62,161	20,551
Indirect expense	158,016	66,595
Total expenses	<u>\$ 1,041,654</u>	<u>\$ 740,000</u>
Amount reimbursed by Alameda County	<u>\$ 1,041,654</u>	<u>\$ 740,000</u>
Excess/(deficit)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying independent auditor's report.

SINGLE AUDIT REPORTS AND SCHEDULES

INDEPENDENT AUDITOR'S 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*

To the Board of Directors of
Beyond Emancipation
Oakland, CA

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 California nonprofit corporation) ("B:E"), which comprise the statement of financial position as of June 30, 2018, 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 21, 2018.

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 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.

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 B:E's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering B:E's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
San Francisco, California

December 21, 2018



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

To the Board of Directors of
Beyond Emancipation
Oakland, CA

Report on Compliance for Each Major Federal Program

We have audited Beyond Emancipation (a California nonprofit corporation) ("B:E")'s compliance with the types of compliance requirements described in the *OMB 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 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* (the "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 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, 2018.

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 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 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 weakness 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.



Armanino^{LLP}
San Francisco, California

December 21, 2018

Beyond Emancipation
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Contract Number	Total Federal Expenditures
<u>Expenditures of Federal Awards</u>			
U.S. Department of Health and Human Services			
Pass-through program from Alameda County Social Services:			
Chaffee Foster Care Independence Program	93.674	900183	\$ 750,929
Total Chaffee Foster Care Independence Program			<u>750,929</u>
Passed-through program from Alameda County Social Services:			
Foster Care Title IV-E	93.658	15467	370,000
Foster Care Title IV-E	93.658	15189	57,291
			<u>427,291</u>
Pass-through program from the State of California:			
Foster Care Title IV-E	93.658		144,423
Total Foster Care Title IV-E			<u>571,714</u>
Total U.S. Department of Health and Human Services			<u>1,322,643</u>
Total Expenditures of Federal Awards			<u>\$ 1,322,643</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards
are an integral part of this schedule.

Beyond Emancipation
Notes to Schedule of Expenditures of Federal Awards
June 30, 2018

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Beyond Emancipation ("B:E") under programs of the federal government for the year ended June 30, 2018. 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 B:E, it is not intended to and does not present the financial position, changes in net assets, or cash flows of B:E.

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 limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

B:E has elected to not use the 10% de minimus indirect cost rate for federal awards. B:E applies indirect costs in accordance with the specific terms of agreements with its pass through entities.

Beyond Emancipation
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Chaffee Foster Care Independence Program	93.674
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	No

Beyond Emancipation
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

Beyond Emancipation
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

There were no prior year findings.

Beyond Emancipation
Corrective Action Plan
For the Year Ended June 30, 2018

There is no corrective action plan required.