

## **Beyond Emancipation**

Financial Statements  
and Supplementary Information  
and Other Audit Report

June 30, 2019



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
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, 2019, 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, 2019, 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.

### **Change in Accounting Principle**

As described in Note 2 to the financial statements, the B:E has adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on page 16 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 January 13, 2020, 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 the effectiveness of B:E's 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<sup>LLP</sup>  
San Francisco, California

January 13, 2020

Beyond Emancipation  
Statement of Financial Position  
June 30, 2019

ASSETS

Current assets	
Cash and cash equivalents	\$ 702,706
Contracts receivable	555,106
Grants and contributions receivable	10,000
Prepaid expenses and other assets	<u>74,875</u>
Total current assets	<u>1,342,687</u>
Noncurrent assets	
Property and equipment, net	11,396
Deposits	<u>18,084</u>
Total noncurrent assets	<u>29,480</u>
Total assets	<u><u>\$ 1,372,167</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 35,445
Other accrued expenses	75,835
Accrued payroll	94,635
Accrued vacation	38,203
Custodial funds	<u>24,415</u>
Total current liabilities	<u>268,533</u>
Net assets	
Without donor restrictions	
Unrestricted	304,151
Board designated	<u>691,696</u>
Total without donor restrictions	995,847
With donor restrictions	
Total net assets	<u>107,787</u>
Total net assets	<u>1,103,634</u>
Total liabilities and net assets	<u><u>\$ 1,372,167</u></u>

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

Beyond Emancipation  
Statement of Activities  
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contract revenue	\$ 2,467,147	\$ -	\$ 2,467,147
Grants and contributions	461,729	142,065	603,794
Special events, net	6,075	-	6,075
Transit pass and gift card revenue	17,669	-	17,669
In-kind contributions	95,043	-	95,043
Interest and other income	47,715	-	47,715
Net assets released from restrictions	664,734	(664,734)	-
Total revenues and support	3,760,112	(522,669)	3,237,443
Functional expenses			
Program services			
Housing program	1,015,317	-	1,015,317
Educational support	426,591	-	426,591
Employment support	531,789	-	531,789
Life skills	740,833	-	740,833
AfterCare	43,062	-	43,062
Total program services	2,757,592	-	2,757,592
Support services			
Management and general	624,587	-	624,587
Fundraising	393,127	-	393,127
Total support services	1,017,714	-	1,017,714
Common facility costs	7,476	-	7,476
Total functional expenses	3,782,782	-	3,782,782
Change in net assets	(22,670)	(522,669)	(545,339)
Net assets, beginning of year	1,018,517	630,456	1,648,973
Net assets, end of year	\$ 995,847	\$ 107,787	\$ 1,103,634

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

Beyond Emancipation  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services					Support Services				Total
	Housing Program	Educational Support	Employment Support	Life Skills	AfterCare	Total Program Services	Management and General	Fundraising	Common Facility Costs	
Personnel expenses										
Salaries and wages	\$ 367,881	\$ 255,949	\$ 246,056	\$ 385,914	\$ 19,897	\$ 1,275,697	\$ 200,004	\$ 222,626	\$ 192,232	\$ 1,890,559
Payroll taxes	32,219	22,321	21,427	33,380	1,551	110,898	17,002	19,334	16,465	163,699
Employee benefits	59,862	41,343	39,933	62,639	3,141	206,918	31,944	35,771	30,568	305,201
Workers compensation	8,024	5,679	5,363	8,317	585	27,968	4,569	5,026	4,465	42,028
Total personnel expenses	467,986	325,292	312,779	490,250	25,174	1,621,481	253,519	282,757	243,730	2,401,487
Professional fees	40,069	-	3,396	13,828	11,861	69,154	307,903	42,801	27,147	447,005
Direct assistance to clients	219,355	8,793	90,513	74,166	-	392,827	235	-	280	393,342
Occupancy	158,064	14,463	39,354	24,573	-	236,454	11,347	12,741	55,506	316,048
Telephone	12,137	1,570	1,576	1,528	-	16,811	-	191	30,124	47,126
Office supplies, copying and printing	5,456	1,294	6,645	13,273	-	26,668	1,389	5,478	9,552	43,087
Miscellaneous	1,965	1,539	477	1,959	-	5,940	5,428	4,374	19,427	35,169
Travel	6,609	3,750	1,888	14,605	50	26,902	345	889	278	28,414
Insurance	-	-	-	-	-	-	2,497	-	15,117	17,614
Conference and meetings	672	239	1,204	742	-	2,857	3,559	2,170	7,512	16,098
Training and development	783	-	258	550	-	1,591	5,242	545	5,252	12,630
Equipment rental and maintenance	1,900	-	-	-	-	1,900	-	-	7,590	9,490
Depreciation and amortization	-	-	6,000	-	-	6,000	-	1,600	44	7,644
Dues and subscriptions	-	296	-	429	-	725	203	1,071	1,735	3,734
Special event expenses	-	-	-	-	-	-	-	2,820	-	2,820
Bank charges and other fees	-	-	48	-	-	48	142	2,108	-	2,298
Expendable equipment	389	-	392	40	-	821	-	31	273	1,125
Bad debt expense	14	-	457	-	-	471	-	-	-	471
Facility cost allocation	40,881	28,377	27,332	42,916	3,125	142,631	22,264	24,703	(189,598)	-
Program supervision and evaluation allocation	39,730	27,577	26,562	41,706	1,858	137,433	-	-	(137,433)	-
Coaching allocation	19,307	13,401	12,908	20,268	994	66,878	10,514	11,668	(89,060)	-
Total expenses	1,015,317	426,591	531,789	740,833	43,062	2,757,592	624,587	395,947	7,476	3,785,602
Less expenses included in revenue and support	-	-	-	-	-	-	-	(2,820)	-	(2,820)
Total expenses included in expense section on the statement of activities	<u>\$ 1,015,317</u>	<u>\$ 426,591</u>	<u>\$ 531,789</u>	<u>\$ 740,833</u>	<u>\$ 43,062</u>	<u>\$ 2,757,592</u>	<u>\$ 624,587</u>	<u>\$ 393,127</u>	<u>\$ 7,476</u>	<u>\$ 3,782,782</u>

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

Beyond Emancipation  
Statement of Cash Flows  
For the Year Ended June 30, 2019

Cash flows from operating activities	
Change in net assets	\$ (545,339)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation and amortization	7,644
Changes in operating assets and liabilities	
Contracts receivable	287,040
Grants and contributions receivable	185,000
Prepaid expenses and other assets	(8,727)
Deposits	(775)
Accounts payable	37,994
Accrued payroll	54,961
Accrued vacation	(17,801)
Deferred revenue	(28,646)
Custodial funds	<u>14,668</u>
Net cash used in operating activities	<u>(13,981)</u>
Net decrease in cash	(13,981)
Cash and cash equivalents, beginning of year	<u>716,687</u>
Cash and cash equivalents, end of year	<u><u>\$ 702,706</u></u>

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



Beyond Emancipation  
Notes to Financial Statements  
June 30, 2019

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 youth ages 14-24 each year in Alameda County. 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. The coaching model 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. With coaching, 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:

*Housing program:* B:E specializes in transitional housing. 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. B:E operates three transitional housing models: community housing provides on-site supportive services in a peer community setting; host housing places youth with a host family to promote connectivity and supportive relationships; and B:E administers and supports youth in a housing voucher program.

*Education support:* B:E supports youth to complete high school, secure their diploma or obtain a GED and actively supports youth on multiple postsecondary pathways including 2 and 4-year degree programs, and vocational and career and technical education. B:E's b2b program is a comprehensive college support and retention program offered in partnership with local colleges.

*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. B:E offers supported employment through internships and fellowships in partnership with Alameda County and local businesses.

*Life skills:* 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 high school completion, college readiness, career exploration, financial literacy, health and wellness, identity formation and building community.

Beyond Emancipation  
Notes to Financial Statements  
June 30, 2019

1. NATURE OF OPERATIONS (continued)

*Aftercare:* 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. B:E provides case management and coaching services to these youth who need extra support to reach their goals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of B:E have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to non-profit organizations. Accordingly, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

- *Net assets without donor restrictions* - net assets not subject to donor-imposed stipulations. The Board of Directors has designated \$691,696 of the net assets without donor restrictions for operating reserves. The amounts designated are not available for B:E's operations without Board of Director's approval.
- *Net assets with donor restrictions* - 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, net assets with restriction are reclassified to net assets without restriction and reported in the statement of activities as net assets released from restriction. Net assets with donor restrictions also includes those net required to be held in perpetuity according to donor direction. There were no net assets required to be held in perpetuity at June 30, 2019.

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, 2019, there was no allowance for doubtful accounts.

Beyond Emancipation  
Notes to Financial Statements  
June 30, 2019

2. 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 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, 2019, as management believes that it will collect all promises to give and are all due within the next year.

Donated goods and services

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, 2019, donated goods and free use of facilities recognized in the statement of activities amounted to \$95,043.

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 net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Beyond Emancipation  
Notes to Financial Statements  
June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

The costs of providing the various program and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Direct identification of specific expenses is B:E's preferred method of charging expenses to various functions. B:E has a number of expenses which related to more than one program or supporting activity, or to a combination of programs and supporting activities. 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 and supervision has benefited only program activities so these costs have been allocated only to programs. Coaching and shared facilities and IT costs benefited all activities, and therefore, costs were allocated to relevant activities based on the direct costs of each.

Income tax status

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, 2019 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 U.S. GAAP requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Beyond Emancipation  
Notes to Financial Statements  
June 30, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 makes certain improvements to current reporting requirements, including:

1. Reducing the classes of net assets from three (unrestricted, temporarily restricted, and permanently restricted) to two (with donor restrictions and without donor restrictions).
2. Enhancing disclosures about:
  - a. Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions.
  - b. Composition of net assets with donor restrictions and how the restrictions affect the use of resources.
  - c. Qualitative information about management of liquid resources and quantitative information about the availability of liquid resources to meet cash needs for general expenditures within one year of the statement of financial position date.
  - d. Amounts of expenses by both their natural classification and their functional classification in one location as a separate statement or in the notes to the financial statements.
  - e. Methods used to allocate costs among program and support functions.
  - f. Underwater endowment funds.
3. Reporting investment return net of external and direct internal investment expenses.
4. Use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption (thus eliminating the current option to release the donor-imposed restriction over the estimated useful life of the acquired asset).

The amendments have been applied on a retrospective basis in 2019.

Beyond Emancipation  
Notes to Financial Statements  
June 30, 2019

3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

Furniture and fixtures	\$ 25,190
Leasehold improvements	18,000
	43,190
Accumulated depreciation and amortization	(31,794)
	\$ 11,396

Depreciation and amortization expense for the year ended June 30, 2019 amounted to \$7,644.

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Employment support	\$ 74,273
Listen for good project	22,523
Life skills	10,991
	107,787
	\$ 107,787

Net assets with donor restrictions released from restriction during the year were as follows:

Educational support	\$ 197,747
Employment support	177,549
Capacity building	116,772
General operating support in future periods	100,000
Transition services	47,880
Life skills	17,309
Listen for good project	7,477
	\$ 664,734

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, 2019 was \$36,049.

6. COMMITMENTS AND CONTINGENCIES

B:E leases its facilities under a long-term operating lease agreement that expires on March 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.

Beyond Emancipation  
Notes to Financial Statements  
June 30, 2019

6. COMMITMENTS AND CONTINGENCIES (continued)

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

<u>Year ending June 30,</u>	
2020	\$ <u>55,379</u>
	\$ <u><u>55,379</u></u>

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

Rent expense amounted to \$292,317 for the year ended June 30, 2019.

7. CONCENTRATIONS

At June 30, 2019, 46% and 54% of contracts receivable and contract revenue, respectively, were from Alameda County Social Services.

At June 30, 2019, 39% and 32% of contracts receivable and contract revenue, respectively, were from First Place for Youth.

Grants and contributions from one donor comprised approximately 17% of B:E's total grants and contributions revenue for the year ended June 30, 2019.

8. LIQUIDITY AND FUNDS AVAILABLE

As part of B:E's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To meet liquidity needs, B:E has cash and cash equivalents, contracts receivable, and grants and contributions receivable available.

Beyond Emancipation  
Notes to Financial Statements  
June 30, 2019

8. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2019 to fund general expenditures and other obligations as they become due:

Financial assets	
Cash and cash equivalents	\$ 702,706
Contracts receivable	555,106
Grants and contributions receivable	<u>10,000</u>
	<u>1,267,812</u>
Less: amount unavailable for general expenditures within one year, due to:	
Net assets with donor restrictions	(107,787)
Board designated net assets	<u>(691,696)</u>
	<u>(799,483)</u>
	<u>\$ 468,329</u>

B:E has financial assets available at June 30, 2019 to cover approximately 46 days of operating expenses based on the fiscal year 2020 budget. The fiscal year 2020 budget includes operating expenses that will be covered with donor restricted funds as the restrictions are met.

In the event of an unanticipated liquidity need, B:E may draw upon its \$200,000 available line of credit. See Note 9 for further description of the line of credit.

9. SUBSEQUENT EVENTS

B:E has evaluated subsequent events through January 13, 2020, the date the financial statements were available to be issued. No subsequent events have occurred, other than that described below, which would have a material impact on the presentation of B:E's financial statements.

On July 11, 2019, B:E entered into a revolving line of credit agreement with a maximum borrowing amount of \$200,000 with a financial institution. The line of credit carries a floating interest rate of 1.5% above the prime rate and matures on June 3, 2020.



SUPPLEMENTARY INFORMATION

Beyond Emancipation  
Schedule of Alameda County Programs  
Period of July 1, 2018 through June 30, 2019

List of County Programs					During County Audit Period (7/1/19-6/30/20)	
Program Name & CFDA # (if applicable)	County Dept. (ex. BHCS, HCSA, PHSVC)	Master & Procurement Contract Number(s) MC-PO#	Contract Period (begin & end date) (mm/dd/yy)	Contract Amount (amount awarded to CBO)	Expenditures (amount spent by CBO)	Amount Received from County
Independent Living Program CFDA #93.674, CFDA #93.658	Children & Family Services	MC 900183 PO 16155	7/1/18 - 6/30/19	\$ 1,340,000	\$ 1,153,400	\$ 929,434
After Care CFDA # 93.674, CFDA # 93.658	Children & Family Services	MC 900183 PO 16129	7/1/18 - 8/31/19	174,520	<u>166,783</u>	<u>135,841</u>
					<u>\$ 1,320,183</u>	<u>\$ 1,065,275</u>

OTHER AUDIT REPORT

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  
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, 2019, 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 January 13, 2020.

### **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<sup>LLP</sup>  
San Francisco, California

January 13, 2020