

Beyond Emancipation

Financial Statements
and Supplementary Information
and Other Audit Report

June 30, 2021



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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, 2021, 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, 2021, 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, B:E has adopted the Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers*. 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 14, 2022, 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^{LLP}
Dallas, Texas

January 14, 2022

Beyond Emancipation
Statement of Financial Position
June 30, 2021

ASSETS

| | |
|-----------------------------------|----------------------------|
| Current assets | |
| Cash and cash equivalents | \$ 1,072,659 |
| Contracts receivable | 546,054 |
| Other receivables | 4,381 |
| Prepaid expenses and other assets | <u>79,296</u> |
| Total current assets | <u>1,702,390</u> |
| | |
| Noncurrent assets | |
| Property and equipment, net | 2,198 |
| Deposits | <u>18,309</u> |
| Total noncurrent assets | <u>20,507</u> |
| | |
| Total assets | <u><u>\$ 1,722,897</u></u> |

LIABILITIES AND NET ASSETS

| | |
|--|----------------------------|
| Current liabilities | |
| Accounts payable | \$ 57,701 |
| Other accrued expenses | 4,947 |
| Accrued payroll | 3,296 |
| Accrued vacation | 64,371 |
| Custodial funds | 22,098 |
| Note payable - Paycheck Protection Program | <u>437,027</u> |
| Total current liabilities | <u>589,440</u> |
| | |
| Net assets | |
| Without donor restrictions | |
| Unrestricted | 341,746 |
| Board designated | <u>691,696</u> |
| Total without donor restrictions | 1,033,442 |
| With donor restrictions | |
| Total net assets | <u>100,015</u> |
| Total net assets | <u>1,133,457</u> |
| | |
| Total liabilities and net assets | <u><u>\$ 1,722,897</u></u> |

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

Beyond Emancipation
Statement of Activities
For the Year Ended June 30, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------------------------|-------------------------------|----------------------------|--------------|
| Revenues and support | | | |
| Contract revenue | \$ 2,226,607 | \$ - | \$ 2,226,607 |
| Grants and contributions | 758,492 | 233,102 | 991,594 |
| In-kind contributions | 87,993 | - | 87,993 |
| Other income | 13,812 | - | 13,812 |
| Net assets released from restrictions | 187,249 | (187,249) | - |
| Total revenues and support | 3,274,153 | 45,853 | 3,320,006 |
| Functional expenses | | | |
| Program services | | | |
| Housing program | 844,670 | - | 844,670 |
| Educational support | 345,341 | - | 345,341 |
| Life skills | 975,263 | - | 975,263 |
| Total program services | 2,165,274 | - | 2,165,274 |
| Support services | | | |
| Management and general | 704,012 | - | 704,012 |
| Fundraising | 318,883 | - | 318,883 |
| Total support services | 1,022,895 | - | 1,022,895 |
| Common facility costs | 4,792 | - | 4,792 |
| Total functional expenses | 3,192,961 | - | 3,192,961 |
| Change in net assets | 81,192 | 45,853 | 127,045 |
| Net assets, beginning of year | 952,250 | 54,162 | 1,006,412 |
| Net assets, end of year | \$ 1,033,442 | \$ 100,015 | \$ 1,133,457 |

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

**Beyond Emancipation
Statement of Functional Expenses
For the Year Ended June 30, 2021**

| | Program Services | | | Support Services | | | Common Facility Costs | Total |
|---|--------------------|------------------------|-------------|------------------------------|---------------------------|-------------|--------------------------|--------------|
| | Housing Program | Educational Support | Life Skills | Total Program Services | Management and General | Fundraising | | |
| Personnel expenses | | | | | | | | |
| Salaries and wages | \$ 313,435 | \$ 203,812 | \$ 527,060 | \$ 1,044,307 | \$ 328,961 | \$ 181,611 | \$ 178,279 | \$ 1,733,158 |
| Payroll taxes | 23,593 | 15,873 | 40,005 | 79,471 | 24,625 | 13,281 | 9,737 | 127,114 |
| Employee benefits | 48,441 | 30,647 | 81,117 | 160,205 | 61,060 | 26,012 | 24,393 | 271,670 |
| Workers compensation | 10,969 | 6,709 | 18,068 | 35,746 | 11,739 | 5,922 | 5,034 | 58,441 |
| Total personnel expenses | 396,438 | 257,041 | 666,250 | 1,319,729 | 426,385 | 226,826 | 217,443 | 2,190,383 |
| Professional fees | 28,786 | - | 41,429 | 70,215 | 191,655 | 48,039 | 18,900 | 328,809 |
| Direct assistance to clients | 132,273 | 7,534 | 38,373 | 178,180 | 1,509 | - | 800 | 180,489 |
| Occupancy | 146,289 | - | - | 146,289 | - | - | 156,976 | 303,265 |
| Telephone | 12,907 | 1,497 | 5,825 | 20,229 | - | - | 41,639 | 61,868 |
| Office supplies, copying and printing | 6,655 | 417 | 8,312 | 15,384 | 10,222 | 8,674 | 419 | 34,699 |
| Miscellaneous | 16 | 114 | 2,296 | 2,426 | 3,530 | 4,437 | 22,836 | 33,229 |
| Travel | 1,345 | 160 | 341 | 1,846 | - | - | - | 1,846 |
| Insurance | - | - | 57 | 57 | 17,628 | - | - | 17,685 |
| Conference and meetings | 507 | 354 | 374 | 1,235 | 774 | 270 | - | 2,279 |
| Training and development | 885 | 1,249 | 2,476 | 4,610 | 1,136 | 429 | - | 6,175 |
| Equipment rental and maintenance | - | - | - | - | - | - | 6,738 | 6,738 |
| Depreciation and amortization | - | - | - | - | - | 1,599 | - | 1,599 |
| Dues and subscriptions | 129 | - | - | 129 | 553 | - | - | 682 |
| Bank charges and other fees | - | - | - | - | 2,114 | 4,150 | - | 6,264 |
| Expendable equipment | 39 | - | 1,809 | 1,848 | 974 | - | 1,516 | 4,338 |
| Bad debt expense | - | - | 9,000 | 9,000 | (104) | - | - | 8,896 |
| Interest expense | - | - | - | - | 3,717 | - | - | 3,717 |
| Facility cost allocation | 42,147 | 27,400 | 70,737 | 140,284 | 43,919 | 24,459 | (208,662) | - |
| Program supervision and evaluation allocation | 61,100 | 39,724 | 102,552 | 203,376 | - | - | (203,376) | - |
| Coaching allocation | 15,154 | 9,851 | 25,432 | 50,437 | - | - | (50,437) | - |
| Total expenses | 844,670 | 345,341 | 975,263 | 2,165,274 | 704,012 | 318,883 | 4,792 | 3,192,961 |
| Total expenses included in expense section on the statement of activities | \$ 844,670 | \$ 345,341 | \$ 975,263 | \$ 2,165,274 | \$ 704,012 | \$ 318,883 | \$ 4,792 | \$ 3,192,961 |

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

Beyond Emancipation
Statement of Cash Flows
For the Year Ended June 30, 2021

| | |
|--|----------------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ 127,045 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | |
| Depreciation and amortization | 1,599 |
| Changes in operating assets and liabilities | |
| Contracts receivable | 54,684 |
| Other receivables | (4,381) |
| Prepaid expenses and other assets | (19,970) |
| Accounts payable | 40,791 |
| Other accrued expenses | (15,441) |
| Accrued payroll | (4,480) |
| Accrued vacation | 22,300 |
| Custodial funds | <u>(7,820)</u> |
| Net cash provided by operating activities | <u>194,327</u> |
| Cash flows from financing activities | |
| Paydown of line of credit | <u>(140,000)</u> |
| Net cash used in financing activities | <u>(140,000)</u> |
| Net increase in cash | 54,327 |
| Cash and cash equivalents, beginning of year | <u>1,018,332</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 1,072,659</u></u> |

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

Beyond Emancipation
Notes to Financial Statements
June 30, 2021

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, 2021

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 Directors' 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, 2021.

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, 2021, there was no allowance for doubtful accounts.

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, 2021, free use of facilities recognized in the statement of activities amounted to \$87,993.

Beyond Emancipation
Notes to Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Repairs and maintenance are charged to expenses as incurred. Upon sale or retirement of depreciable assets, the related cost and accumulated depreciation or amortization are removed from the accounts. Any gain or loss on the sale or retirement is recognized in current operations.

Revenue recognition

Grants and contributions

Grants and contributions received are classified depending upon donor restrictions, if any. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction. Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional, which is when the donor-imposed barriers have been overcome and there is no longer a right of return or release. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. An allowance for uncollectible contributions receivable is established based upon management's judgment including such factors as prior collection history, aging statistics of contributions, and the nature of the receivable. There was no allowance for uncollectible contributions receivable at June 30, 2021.

Contract Revenue

A portion of B:E's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when B:E has incurred expenditures in compliance with specific contract or grant provisions. B:E has elected a simultaneous release option to accounts for these grants and thus are recorded as government grants without donor restriction upon satisfaction of the barriers. B:E has been awarded cost-reimbursable grants of approximately \$900,000 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred and barriers have not been overcome. Amounts received prior to incurring qualifying expenditures are reported as a deferred revenue.

Beyond Emancipation
Notes to Financial Statements
June 30, 2021

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, 2021 were related to B:E's exempt purpose and therefore did not incur any unrelated business income or related taxes.

U.S. GAAP requires 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, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. GAAP. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. Revenue from contributions is not impacted by this new standard. B:E adopted 2014-09 with a date of initial application of July 1, 2020, using the full retrospective method. The adoption of 2014-09 did not have an impact on B:E's financial statements.

3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

| | |
|---|------------------------|
| Furniture and fixtures | \$ 25,190 |
| Leasehold improvements | <u>18,000</u> |
| | 43,190 |
| Accumulated depreciation and amortization | <u>(40,992)</u> |
| | <u><u>\$ 2,198</u></u> |

Depreciation and amortization expense for the year ended June 30, 2021 amounted to \$1,599.

4. LINE OF CREDIT

B:E has a line of credit in the amount of \$200,000 with a financial institution, which bears interest at a floating rate of 1.5% above the prime rate (4.75% at June 30, 2021). The line has a maturity date of November 1, 2022. There was no amount outstanding on the line of credit as of June 30, 2021.

Beyond Emancipation
Notes to Financial Statements
June 30, 2021

5. NOTE PAYABLE - PAYCHECK PROTECTION PROGRAM

On April 30, 2020, B:E received loan proceeds of \$437,027 issued by Community Bank of the Bay under the federal Paycheck Protection Program ("PPP") which was established under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), and is administered by the U.S. Small Business Administration with the intent of providing small businesses access to short-term cash flow assistance to help cover operating expenses and maintain their payroll levels. The term on the loan was two years and the annual interest rate is 1.00%. Payments of principal and interest were deferred for the first six months of the loan. Under the terms of the CARES Act, PPP loan recipients may apply for and be granted forgiveness of all or a portion of the loans granted under the PPP. Such forgiveness was determined based on the use of the loan proceeds for payroll costs, rent, and utility expenses, and the maintenance of workforce and compensation levels with certain limitations. B:E applied for and received full forgiveness of the PPP loan on August 6, 2021 (see Note 11). B:E accounted for the outstanding balance as of June 30, 2021 of \$437,027 as debt under ASC 470, *Debt*.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

| | |
|---------------------|--------------------------|
| Educational support | \$ 63,532 |
| Housing support | <u>36,483</u> |
| | <u><u>\$ 100,015</u></u> |

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

| | |
|---------------------|--------------------------|
| Educational support | \$ 112,071 |
| Housing support | 53,694 |
| Holiday expense | 13,824 |
| Listen for good | 4,660 |
| Life skills | <u>3,000</u> |
| | <u><u>\$ 187,249</u></u> |

7. 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, 2021 was \$32,673.

8. COMMITMENTS AND CONTINGENCIES

B:E leases various facilities under long-term operating lease agreements with expiration dates through March 31, 2024. 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, 2021

8. COMMITMENTS AND CONTINGENCIES (continued)

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

| <u>Year ending June 30,</u> | |
|-----------------------------|-------------------|
| 2022 | \$ 73,996 |
| 2023 | 60,267 |
| 2024 | <u>46,210</u> |
| | <u>\$ 180,473</u> |

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

Rent expense amounted to \$188,598 for the year ended June 30, 2021.

9. CONCENTRATIONS, RISKS AND UNCERTAINTIES

At June 30, 2021, 44% and 73% of contracts receivable and contract revenue, respectively, were from Alameda County Social Services.

At June 30, 2021, 54% and 27% of contracts receivable and contract revenue, respectively, were from First Place for Youth.

Grants and contributions from three donors comprised approximately 31% of B:E's total grants and contributions revenue for the year ended June 30, 2021.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. In response, the U.S. Government enacted the CARES Act, which includes significant provisions to provide relief and assistance to affected organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders and the ultimate impact of the CARES Act and other governmental initiatives. It is at least reasonably possible that this matter will negatively impact B:E. However, the financial impact and duration cannot be reasonably estimated at this time.

10. 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, 2021

10. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2021 to fund general expenditures and other obligations as they become due:

| | |
|--|-------------------|
| Financial assets | |
| Cash and cash equivalents | \$ 1,072,659 |
| Contracts receivable | 546,054 |
| Other receivables | <u>4,381</u> |
| | <u>1,623,094</u> |
| Less: amount unavailable for general expenditures within one year, due to: | |
| Net assets with donor restrictions | (100,015) |
| Board designated net assets | <u>(691,696)</u> |
| | <u>(791,711)</u> |
| | <u>\$ 831,383</u> |

B:E has financial assets available at June 30, 2021 to cover approximately 84 days of operating expenses based on the fiscal year 2022 budget. The fiscal year 2022 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 4 for further description of the line of credit.

11. SUBSEQUENT EVENTS

B:E has evaluated subsequent events through January 14, 2022, 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 August 6, 2021, the PPP loan was fully forgiven by the U.S. Small Business Administration (see Note 5).

On November 3, 2021, the maturity date on BE's line of credit was extended to November 1, 2022.

SUPPLEMENTARY INFORMATION

Beyond Emancipation
Schedule of Alameda County Programs
Period of July 1, 2020 through June 30, 2021

| List of County Programs | | | | | During County Audit Period (7/1/20-6/30/21) | |
|--|--------------------------------------|--|---|---|--|-----------------------------|
| 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 | 7/1/2018 - 3/31/2021 | \$ 3,685,000 | \$ 1,144,483 | \$ 1,575,577 |
| Independent Living Program CFDA # 93.658 | Children & Family Services | MC 900183 PO 18002 | 4/1/2021 - 3/31/2024 | 4,648,616 | <u>383,914</u> | <u>142,729</u> |
| | | | | | <u>\$ 1,528,397</u> | <u>\$ 1,718,306</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, 2021, 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 14, 2022.

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.



Armanino^{LLP}
Dallas, Texas

January 14, 2022