

Beyond Emancipation

Financial Statements
and Supplementary Information
and Other Audit Report

June 30, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Beyond Emancipation
Oakland, California

Opinion

We have audited the accompanying financial statements of Beyond Emancipation ("B:E"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Beyond Emancipation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Beyond Emancipation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



An independent firm
associated with Moore
Global Network Limited

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Beyond Emancipation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Beyond Emancipation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on page 18 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 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.

A handwritten signature in cursive script that reads "Armanino LLP".

Armanino^{LLP}
Dallas, Texas

December 20, 2022

Beyond Emancipation
Statement of Financial Position
June 30, 2022

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,677,443
Contracts receivable	548,505
Grants and contributions receivable	562,500
Other receivables	8,775
Prepaid expenses and other assets	<u>61,695</u>
Total current assets	<u>2,858,918</u>
Noncurrent assets	
Property and equipment, net	17,010
Deposits	<u>18,309</u>
Total noncurrent assets	<u>35,319</u>
Total assets	<u>\$ 2,894,237</u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	\$ 28,109
Accrued payroll, taxes and benefits	90,554
Custodial funds	21,752
Deferred rent	<u>6,289</u>
Total current liabilities	<u>146,704</u>
Net assets	
Without donor restrictions	
Unrestricted	1,208,759
Board designated	<u>691,696</u>
Total without donor restrictions	1,900,455
With donor restrictions	<u>847,078</u>
Total net assets	<u>2,747,533</u>
Total liabilities and net assets	<u>\$ 2,894,237</u>

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

Beyond Emancipation
Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contract revenue	\$ 2,369,245	\$ -	\$ 2,369,245
Grants and contributions	857,351	1,257,595	2,114,946
Forgiveness of note payable - Paycheck Protection Program	437,027	-	437,027
In-kind contributions	110,054	-	110,054
Other income	6,766	-	6,766
Net assets released from restrictions	<u>510,532</u>	<u>(510,532)</u>	<u>-</u>
Total revenues and support	<u>4,290,975</u>	<u>747,063</u>	<u>5,038,038</u>
Functional expenses			
Program services			
Housing program	982,097	-	982,097
Education and career support	481,600	-	481,600
Life skills	<u>1,003,401</u>	<u>-</u>	<u>1,003,401</u>
Total program services	<u>2,467,098</u>	<u>-</u>	<u>2,467,098</u>
Support services			
Management and general	590,049	-	590,049
Fundraising	<u>366,814</u>	<u>-</u>	<u>366,814</u>
Total support services	956,863	-	956,863
Common facility costs	<u>1</u>	<u>-</u>	<u>1</u>
Total functional expenses	<u>3,423,962</u>	<u>-</u>	<u>3,423,962</u>
Change in net assets	867,013	747,063	1,614,076
Net assets, beginning of year	<u>1,033,442</u>	<u>100,015</u>	<u>1,133,457</u>
Net assets, end of year	<u>\$ 1,900,455</u>	<u>\$ 847,078</u>	<u>\$ 2,747,533</u>

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

Beyond Emancipation
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services			Support Services			Common Facility Costs	Total
	Housing Program	Education and Career Support	Life Skills	Total Program Services	Management and General	Fundraising		
Personnel expenses								
Salaries and wages	\$ 393,036	\$ 260,982	\$ 547,924	\$ 1,201,942	\$ 300,331	\$ 245,074	\$ 252,287	\$ 1,999,634
Payroll taxes	32,554	21,723	45,218	99,495	24,862	20,379	20,892	165,628
Employee benefits	46,983	30,204	65,423	142,610	59,505	29,059	27,356	258,530
Workers compensation	6,889	4,557	9,590	21,036	5,250	4,295	4,421	35,002
Total personnel expenses	<u>479,462</u>	<u>317,466</u>	<u>668,155</u>	<u>1,465,083</u>	<u>389,948</u>	<u>298,807</u>	<u>304,956</u>	<u>2,458,794</u>
Professional fees	47,294	258	34,296	81,848	136,904	15,407	36,579	270,738
Direct assistance to clients	86,637	31,886	24,971	143,494	-	-	7,529	151,023
Occupancy	159,935	-	-	159,935	50	-	165,895	325,880
Telephone	12,978	3,467	11,295	27,740	686	855	41,919	71,200
Office supplies, copying and printing	5,784	1,886	2,221	9,891	5,370	6,770	1,076	23,107
Miscellaneous	2,112	403	1,698	4,213	4,104	4,369	47,589	60,275
Travel	1,088	742	716	2,546	-	18	-	2,564
Insurance	-	105	-	105	3,752	-	-	3,857
Conference and meetings	647	396	689	1,732	5,571	264	858	8,425
Training and development	300	1,953	518	2,771	803	1,050	19,761	24,385
Equipment rental and maintenance	-	-	-	-	-	-	6,647	6,647
Depreciation and amortization	-	-	-	-	-	1,599	2,999	4,598
Dues and subscriptions	421	-	758	1,179	748	865	140	2,932
Bank charges and other fees	-	-	-	-	1,108	3,596	-	4,704
Expendable equipment	443	152	28	623	67	-	3,947	4,637
Interest expense	-	-	-	-	196	-	-	196
Facility cost allocation	53,291	35,399	74,337	163,027	40,742	33,214	(236,983)	-
Program supervision and evaluation allocation	125,331	83,253	174,827	383,411	-	-	(383,411)	-
Coaching allocation	6,374	4,234	8,892	19,500	-	-	(19,500)	-
Total expenses	<u>982,097</u>	<u>481,600</u>	<u>1,003,401</u>	<u>2,467,098</u>	<u>590,049</u>	<u>366,814</u>	<u>1</u>	<u>3,423,962</u>
Total expenses included in expense section on the statement of activities	<u>\$ 982,097</u>	<u>\$ 481,600</u>	<u>\$ 1,003,401</u>	<u>\$ 2,467,098</u>	<u>\$ 590,049</u>	<u>\$ 366,814</u>	<u>\$ 1</u>	<u>\$ 3,423,962</u>

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

Beyond Emancipation
Statement of Cash Flows
For the Year Ended June 30, 2022

Cash flows from operating activities	
Change in net assets	\$ 1,614,076
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	4,598
Forgiveness of note payable - Paycheck Protection Program	(437,027)
Changes in operating assets and liabilities	
Contracts receivable	(2,451)
Grants and contributions receivable	(562,500)
Other receivables	(4,394)
Prepaid expenses and other assets	17,601
Accounts payable and accrued expenses	(34,539)
Accrued payroll, taxes and benefits	22,887
Custodial funds	(346)
Deferred rent	6,289
Net cash provided by operating activities	<u>624,194</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(19,410)</u>
Net cash used in investing activities	<u>(19,410)</u>
Net increase in cash	604,784
Cash and cash equivalents, beginning of year	<u>1,072,659</u>
Cash and cash equivalents, end of year	<u>\$ 1,677,443</u>

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

Beyond Emancipation
Notes to Financial Statements
June 30, 2022

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 500 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+NMD 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 and career support: B:E supports youth ages 14-24 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. B:E's career services support youth ages 14-24 to explore employment options and to seek and maintain employment.

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, 2022

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, 2022.

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, 2022, there was no allowance for doubtful accounts.

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, 2022, 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, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2022, donated goods and free use of facilities recognized in the statement of activities amounted to \$110,054.

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.

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 \$3,200,000 that have not been recognized at June 30, 2022 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, 2022

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, 2022 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, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in accounting principle

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under this ASU, a not-for-profit entity is required to present contributed nonfinancial assets as a separate line-item in the statement of activities, apart from contributions of cash and other financial assets as well as include enhanced disclosures surrounding the nature and valuation techniques of the contributed nonfinancial assets. B:E adopted ASU 2020-07 with a date of the initial application of July 1, 2021. The adoption of ASU 2020-07 did not have a significant impact on B:E's financial position, results of operations, or cash flows.

3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following:

Furniture and fixtures	\$ 25,190
Computer equipment	18,410
Leasehold improvements	<u>18,000</u>
	61,600
Accumulated depreciation and amortization	<u>(44,590)</u>
	<u>\$ 17,010</u>

Depreciation and amortization expense for the year ended June 30, 2022 amounted to \$4,598.

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 (6.25% at June 30, 2022). The line has a maturity date of November 1, 2023. There was no amount outstanding on the line of credit as of June 30, 2022.

Beyond Emancipation
Notes to Financial Statements
June 30, 2022

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 was 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. B:E accounted for the forgiveness of the note as a gain on the statement of activities for the year ended June 30, 2022.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

Restricted for a specific purpose	
Education and career support	\$ 444,724
Transitions support, mental health and workforce development	297,354
Housing support	<u>30,000</u>
	772,078
Subject to passage of time	<u>75,000</u>
	<u><u>\$ 847,078</u></u>

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

Education and career support	\$ 197,889
Housing support	181,998
Transitions support, mental health and workforce development	102,645
Holiday expense	15,000
Client assistance	11,500
Life skills	<u>1,500</u>
	<u><u>\$ 510,532</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, 2022 was \$40,128.

Beyond Emancipation
Notes to Financial Statements
June 30, 2022

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.

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

<u>Year ending June 30,</u>	
2023	\$ 96,567
2024	<u>46,210</u>
	<u><u>\$ 142,777</u></u>

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

Rent expense amounted to \$187,696 for the year ended June 30, 2022.

9. CONCENTRATIONS, RISKS AND UNCERTAINTIES

At June 30, 2022, 82% and 100% of contracts receivable and contract revenue, respectively, were from two customers.

At June 30, 2022, 100% and 51% of grants and contributions receivable and grants and contributions revenue, respectively, were from three donors.

10. IN-KIND CONTRIBUTIONS

In-kind contribution consisted of the following:

In-kind rent	\$ 99,639
Clothing, food and sundries	5,470
Other	<u>4,945</u>
	<u><u>\$ 110,054</u></u>

In-kind contributions valuation techniques

In-kind rent is valued at the estimated fair market value based on current market rates. Clothing, food and sundries and other in-kind contributions are valued at the estimated wholesale value that would be received for selling similar products in the United States.

Beyond Emancipation
Notes to Financial Statements
June 30, 2022

10. IN-KIND CONTRIBUTIONS (continued)

Donor restrictions and in-kind rent use

The in-kind contributions received during the year ended June 30, 2022 included no donor restrictions. The office space rented is used for B:E's general operations. Clothing, food, sundries and other were fully utilized by B:E's housing, educational support and life skills programs.

11. 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.

The following is a quantitative disclosure which describes assets that are available within one year of June 30, 2022 to fund general expenditures and other obligations as they become due:

Financial assets	
Cash and cash equivalents	\$ 1,677,443
Contracts receivable	548,505
Grants and contributions receivable	562,500
Other receivables	<u>8,775</u>
	<u>2,797,223</u>
Less: amount unavailable for general expenditures within one year, due to:	
Net assets with donor purpose restrictions	(772,078)
Board designated net assets	<u>(691,696)</u>
	<u>(1,463,774)</u>
	<u>\$ 1,333,449</u>

B:E has financial assets available at June 30, 2022 to cover approximately 110 days of operating expenses based on the fiscal year 2023 budget. The fiscal year 2023 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.

12. SUBSEQUENT EVENTS

B:E has evaluated subsequent events through December 20, 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.

Beyond Emancipation
Notes to Financial Statements
June 30, 2022

12. SUBSEQUENT EVENTS (continued)

On November 30, 2022, the maturity date on B:E's line of credit was extended to November 1, 2023.

SUPPLEMENTARY INFORMATION

Beyond Emancipation
Schedule of Alameda County Programs
Period of July 1, 2021 through June 30, 2022

List of County Programs					During County Audit Period (7/1/21-6/30/22)	
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 # 93.658, CFDA # 93.674	Children & Family Services	MC 900183 PO 18002	4/1/2021 - 3/31/2024	\$ 4,648,616	\$ 1,761,667	\$ 1,655,991
Independent Living Program CFDA # 93.658	Children & Family Services	MC 901944 PO 23842	3/1/2022 - 9/30/2025	685,500	<u>15,379</u>	<u>-</u>
					<u>\$ 1,777,046</u>	<u>\$ 1,655,991</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, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Beyond Emancipation ("B:E"), which comprise the statement of financial position as of June 30, 2022, 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 20, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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

December 20, 2022