



**EMOTIONAL HEALTH ASSOCIATION
DBA SHARE! THE SELF-HELP AND RECOVERY EXCHANGE**

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

June 30, 2020 and 2019

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Comparative Statement of Financial Position	3
Statement of Activities, including Changes in Net Assets for the year ended June 30, 2020	4
Statement of Activities, including Changes in Net Assets for the year ended June 30, 2019	5
Statement of Functional Expenses for the year ended June 30, 2020	6
Statement of Functional Expenses for the year ended June 30, 2019	7
Comparative Statement of Cash Flows	8
Notes to Financial Statements	9-22
REPORT ON INTERNAL CONTROL	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24

Independent Auditors' Report

To the Board of Directors of
Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange

Report on the Financial Statements

We have audited the accompanying statements of Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2021, on our consideration of Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's internal control over financial reporting and compliance.

Fresh-Start + Partners, LLP

Woodland Hills, CA

April 5, 2021

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Statement of Financial Position
June 30,

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 582,459	\$ 545,192
Investments - securities	20,646	19,538
Grants receivable	868,364	512,081
Other receivable	51,456	5,616
Prepaid expenses	107,149	143,931
Total current assets	1,630,074	1,226,358
Property and equipment, net of accumulated depreciation	296,085	320,636
Investments - artwork	42,064	42,064
Deposits	70,656	68,262
Total assets	\$ 2,038,879	\$ 1,657,320
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 78,673	\$ 91,969
Accrued expenses	132,971	87,362
Auto loan payable		8,744
Total liabilities	211,644	188,075
Net Assets		
Without donor restrictions	1,827,235	1,469,245
Total net assets	1,827,235	1,469,245
Total liabilities and net assets	\$ 2,038,879	\$ 1,657,320

See Independent Auditors' Report and accompanying notes

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Statement of Activities, including Changes in Net Assets
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Grants	\$ 2,318,652	\$ 361,243	\$ 2,679,895
Contributions - cash	47,390		47,390
Contributions - non cash	56,413		56,413
Program fees	1,082,680		1,082,680
Other income	856		856
Interest and dividends	333		333
Net unrealized gain / (loss)	967		967
Special events income - net of special events expenses of \$4,088	66,322		66,322
Net assets released from restrictions	361,243	(361,243)	
	<u>3,934,856</u>		<u>3,934,856</u>
Expenses			
Program services			
Mental Health Program	1,908,092		1,908,092
Prevention and Early Intervention (PEI)	110,482		110,482
CES 8	85,058		85,058
LAHSA	50,000		50,000
Other Programs	1,132,321		1,132,321
Unreimbursed Program	167,146		167,146
Total program services	<u>3,453,099</u>		<u>3,453,099</u>
Support services			
Management and general	98,539		98,539
Fundraising	25,228		25,228
Total expenses	<u>3,576,866</u>		<u>3,576,866</u>
Change in net assets	357,990		357,990
Net assets, beginning of year	1,469,245		1,469,245
Net assets, end of year	<u>\$ 1,827,235</u>	<u>\$</u>	<u>\$ 1,827,235</u>

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Statement of Activities, including Changes in Net Assets
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Grants	\$ 2,240,773	\$	\$ 2,240,773
Contributions - cash	69,826		69,826
Contributions - non cash	43,044		43,044
Program fees	875,213		875,213
Other income	220		220
Interest and dividends	655		655
Net unrealized gain / (loss)	1,229		1,229
	<u>3,230,960</u>		<u>3,230,960</u>
Expenses			
Program services			
Mental Health Program	1,750,721		1,750,721
Prevention and Early Intervention (PEI)	99,539		99,539
CES 8	83,824		83,824
LAHSA	50,000		50,000
Other Programs	852,077		852,077
Unreimbursed Program	38,492		38,492
Total program services	<u>2,874,653</u>		<u>2,874,653</u>
Support services			
Management and general	72,084		72,084
Fundraising	5,472		5,472
Total expenses	<u>2,952,209</u>		<u>2,952,209</u>
Change in net assets	278,751		278,751
Net assets, beginning of year	1,187,317		1,187,317
Prior period adjustment	3,177		3,177
Net assets, end of year	<u>\$ 1,469,245</u>	<u>\$</u>	<u>\$ 1,469,245</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Statement of Functional Expenses
June 30, 2020**

	Mental Health Program	Prevention and Early Intervention (PEI)	CES 8	LAHSA	Other Programs	Unreimbursed Program	Total Program Expenses	Management and General	Fundraising	Total Expenses
Administrative costs	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Auto, mileage, gas	16,806	17	783	509	49,045		67,160		569	67,729
Communications	43,723	3,019	1,745	1,010	19,567	5,799	74,863			74,863
Depreciation								51,041		51,041
Donations	94	6					100			100
Fundraising expenses									3,760	3,760
Repairs and maintenance	8,992	109			5,731		14,832			14,832
Insurance	28,286	1,726			8,590		38,602			38,602
Professional fees	79,829	6,984	826		72,749	16,640	177,028	7,500	13,049	197,577
Program supplies	44,091	1,202			52,752	4,159	102,204		5,703	107,907
Rent/utilities (Occupancy)	438,534	45,776	3,075		69,250	53,444	610,079			610,079
Salaries and benefits	1,235,994	51,643	78,629	48,481	846,136	87,104	2,347,987		1,026	2,349,013
Subcontractors	11,743				7,004		18,747			18,747
Subtotal	\$ 1,908,092	\$ 110,482	\$ 85,058	\$ 50,000	\$ 1,132,321	\$ 167,146	\$ 3,453,099	\$ 98,539	\$ 25,228	\$ 3,576,866
New computers were purchased to replace obsolete equipment during this fiscal year.										
Property and equipment					26,491		26,491			\$ 26,491
Total	\$ 1,908,092	\$ 110,482	\$ 85,058	\$ 50,000	\$ 1,158,812	\$ 167,146	\$ 3,479,590	\$ 98,539	\$ 25,228	\$ 3,603,357

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Statement of Functional Expenses
June 30, 2019

	Mental Health Program	Prevention and Early Intervention (PEI)	CES 8	LAHSA	Other Programs	Unreimbursed Program	Total Program Expenses	Management and General	Fundraising	Total
Administrative costs	\$ 5,761	\$ 302	\$	\$	\$ 158	\$	\$ 6,221	\$ 766	\$	\$ 6,987
Auto, mileage and gas	20,819	244	1,778	1,105	54,062	\$	78,008	\$	\$	78,008
Communications	34,255	3,895	1,904	1,625	8,504	\$	50,183	\$	\$	50,183
Depreciation	38,709	3,113	\$	\$	\$	\$	41,822	15,000	\$	56,822
Donations	2,331	149	\$	\$	90	\$	2,570	\$	\$	2,570
Insurance	31,436	1,953	\$	\$	1,735	\$	35,124	\$	\$	35,124
Postage	1,118	67	\$	\$	51	\$	1,236	\$	6	1,242
Professional fees	84,694	4,897	99	\$	42,130	7,200	139,020	53,259	\$	192,279
Program supplies	65,155	1,052	\$	\$	15,788	\$	81,995	\$	335	82,330
Rent/Utilities (Occupancy)	468,562	23,797	3,941	3,480	63,838	15,646	579,264	\$	\$	579,264
Repairs and maintenance	15,808	342	\$	\$	8,630	\$	24,780	\$	\$	24,780
Salaries and benefits	967,073	59,728	76,102	43,790	650,424	15,646	1,812,763	3,059	5,131	1,820,953
Subcontractors	15,000	\$	\$	\$	6,667	\$	21,667	\$	\$	21,667
Subtotal	\$ 1,750,721	\$ 99,539	\$ 83,824	\$ 50,000	\$ 852,077	\$ 38,492	\$ 2,874,653	\$ 72,084	\$ 5,472	\$ 2,952,209

New fixed assets were purchased to replace obsolete equipment during this fiscal year.

Property and equipment	\$	\$	\$	\$	10,252	\$	10,252	\$	\$	10,252
Total	\$ 1,750,721	\$ 99,539	\$ 83,824	\$ 50,000	\$ 862,329	\$ 38,492	\$ 2,884,905	\$ 72,084	\$ 5,472	\$ 2,962,461

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Statement of Cash Flows
Year Ended June 30,

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 357,990	\$ 281,928
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	51,041	56,822
Prior period adjustment		(3,177)
Unrealized (gain) on investments	(967)	(1,229)
Donated art		(7,200)
Increase / (decrease) in cash resulting from changes in:		
Grants receivable	(356,283)	120,154
Other receivables	(45,840)	32,784
Prepaid expenses	36,782	(54,277)
Accounts payable	(13,296)	23,827
Accrued expenses	45,609	810
Deposits	(2,394)	(3,051)
Net cash provided by operating activities	<u>72,642</u>	<u>447,391</u>
Cash flows from investing activities		
Additions of property and equipment	(26,490)	(10,253)
Reinvested interest and dividend	(141)	(571)
Net cash used by investing activities	<u>(26,631)</u>	<u>(10,824)</u>
Cash flows from financing activities		
Payments of auto loan payable	(8,744)	(8,247)
Net cash used by financing activities	<u>(8,744)</u>	<u>(8,247)</u>
Net increase in cash and equivalents	37,267	428,320
Cash, beginning of year	<u>545,192</u>	<u>116,872</u>
Cash, end of year	<u>\$ 582,459</u>	<u>\$ 545,192</u>
Supplemental cash flow disclosure:		
Cash paid for interest	<u>\$ 425</u>	<u>\$ 907</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019**

1. ORGANIZATION

Emotional Health Association, DBA SHARE! the Self-Help And Recovery Exchange (the Organization) is a nonprofit corporation incorporated to help people in Los Angeles pursue growth and change. The Organization empowers people to change their own lives and provides them a loving, safe, non-judgmental place where they can find community, information and support.

2. PROGRAMS

SHARE! Self-Help Centers: SHARE! Culver City and SHARE! Downtown Los Angeles are centers where a large community of self-help groups meet each week, addressing all kinds of issues, e.g., anger management, health, depression, self-esteem, relationships, childhood abuse, substance abuse, reaching goals, etc. Together the centers host more than 100 weekly meetings with monthly attendance of 5,000 people. SHARE! accepts brochures and flyers for distribution at its centers, so agencies and others can reach the self-help community. SHARE has lots of volunteer opportunities for people including those doing court-ordered community service. SHARE accepts all volunteers even those with limited skills or felony convictions.

SHARE! Collaborative Housing: A public-private partnership providing immediate, affordable, permanent supportive housing to disabled people in single-family houses throughout Los Angeles County. People with similar issues, such as vets, mental health consumers, people with diabetes, trauma issues, etc. live like college roommates in the house which is furnished down to knives, forks and spoons. The homeowner furnishes the house, pays for all the utilities, does not collect a security deposit, nor a last month's rent and does not perform a credit or background check. The houses are regularly inspected to ensure quality, and SHARE! helps the owner with any issues or problems that arise. Residents attend weekly self-help support groups, help with neighborhood projects, provide support for other residents and share a room with one roommate of their choice. Residents pay rent from their disability checks or other income directly to the owner. Many owners will take pets.

SHARE! Self-Help Clearinghouse for Los Angeles County: Countywide referrals to 12,000 self-help meetings representing 750 different life-issues. Our information is updated often, as self-help groups tend to move around and come and go. We give meetings technical assistance, including best practices. We help with meeting formation, content, format, publicity, problems, etc. We also have leads on meeting space throughout the County.

SHARE! Recovery Retreat: The program in Monterey Park provides a home away from home for up to two weeks filled with intensive recovery activities, including self-help support groups, independent living skills, conflict resolution and paths to achieving goals. People learn in a homey environment, living together as a family with every participant being part of the shared leadership of the house. The SHARE! Recovery Retreat was closed after March 25, due to the COVID-19 pandemic.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019**

2. PROGRAMS, continued

SHARE! Advanced Peer Specialist Training: SHARE! trains Peer Specialists who work or want to work in the Public Mental Health System using evidence-based best practices for Peer Services. The training also includes the SHARE! Peer Toolkit—28 tools for maintaining a nurturing culture of recovery, relationship building, conflict avoidance and resolution, and crisis intervention that SHARE! has developed over its 27 years of existence.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are presented in accordance with principles of accounting for nonprofit organizations, with consideration given to recent authoritative publications of the American Institute of Certified Public Accountants. Assets, liabilities, revenues and expenses are recognized under the accrual basis of accounting.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) no. 117. The Organization is required to report information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on their use that are placed by its donors: net assets with donor restrictions and net assets without donor restrictions.

Resources are classified for accounting and financial reporting purposes into categories established according to their nature and purposes to ensure observance of limitations and restrictions placed on their use. The assets, liabilities, and net assets of the Organization are reported in two categories as follows:

Net Assets Without Donor Restrictions—Net assets available for use in general operations and not subject to donor restrictions. The only limits on net assets without donor restrictions are those resulting from the nature of the Organization and its purposes.

Net Assets With Donor Restrictions—Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, when the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019**

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation, continued

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed, or both) are reported as reclassifications between the applicable classes of net assets.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which revises the not-for-profit financial reporting model. ASU 2016-14 provides for additional disclosure requirements and modifies net asset and expense reporting. The Organization adopted the new guidance effective July 1, 2018, and applied the changes retrospectively. Implementation of this guidance resulted in a change in presentation of net assets, expenses and additional disclosures surrounding the Organization's liquidity and availability of financial assets.

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Restricted Cash, which provides new presentation and disclosure guidance for restricted cash and restricted cash equivalents as well as any other cash balances segregated on the statement of financial position. The Organization adopted the new guidance effective July 1, 2019, and applied the changes retrospectively.

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Recent Accounting Pronouncements, continued

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which amends the accounting guidance related to (1) evaluating whether transactions should be accounted for as contributions or exchange transactions, and (2) determining whether a contribution is conditional. For resource recipient the ASU is effective for annual periods beginning after December 15, 2018, with early adoption permissible. The Organization adopted the new guidance effective July 1, 2019, and applied the changes retrospectively.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers cash as cash on hand and deposits held by financial institutions. Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less. See Note 13 for the concentration of credit risks regarding cash and cash equivalents.

Grants Receivable

Grants receivable are amounts due from various organizations, including non profits and state agencies. Grants receivable are recognized as revenue at the time the grantor makes the commitment. If there are time or purpose restrictions that are not met in the current period, the unexpended part of the grant is recognized as net assets with donor restrictions. Grant expenditures are recorded when the liability is incurred.

Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been established as of June 30, 2020, because management believes that all accounts are collectible.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition or estimated fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows: buildings and building improvements 15 - 39.5 years; furniture, fixtures, and equipment 5 - 7 years; automobile 5 years.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019**

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

Generally accepted accounting principles require that nonprofit organizations report certain investments at fair value. The Organization accounts for its equity securities that have readily determinable values by recording and reporting those securities at fair value. Information about the fair value of investments and unrealized gains and losses is discussed in Note 5.

Revenue Recognition

Contributions are recognized as revenue when they are received or pledged.

Contribution Revenue

Contributions received are recorded as either support with donor restrictions or support without donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the maturity of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The Organization received the majority of its grants and contract revenues from the Los Angeles County Department of Mental Health (LADMH). The Organization submits billable hours to the LADMH on a daily basis after the services are provided. The LADMH, at its discretion, may request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of their grants/contracts. The Organization also receives consulting revenue to teach health professionals.

Donated Assets

Donations of property and equipment are recorded as support at their estimated fair values at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restriction. Absent donor stipulation regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Donated Services

The Organization receives donated services, and records such services that create or enhance non-financial assets or that require specialized skills. Services provided by individuals possessing those skills would typically need to be purchased if not provided by donation. For the fiscal year ended June 30, 2020, donated services contributed by the volunteers were 49,245 hours at a value of \$15 per hour. For the fiscal year ended June 30, 2019, donated services contributed by the volunteers were 59,699 hours at a value of \$15 per hour.

Income Taxes

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years after they are filed. The open years are: 2018, 2017 and 2016.

Functional Expense Reporting

The costs of providing the services and other activities are summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are classified according to the programs and supporting services for which they were incurred and are reported on a functional basis in the accompanying statement of functional expenses.

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. These expenses have been allocated to programs and supporting functions on the basis of management's estimates of time and effort. Costs are allocated between program, management, and fundraising expenses as they relate to those functions.

Special Events

Costs associated with special events are netted against the related revenue.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019**

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measurement

The Organization reports investments at fair value measurement using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles in the United States of America, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 : Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2 : Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 : Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the Organization is required to measure at fair value.

The primary uses of fair value measures in the Organization's financial statements are:

- Investments in securities
- Investments in artwork

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019

4. PREPAID EXPENSES

Prepaid expenses are comprised of the following:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Insurance	\$ 25,006	\$ 71,108
Benefits	26,841	21,291
Rent and utilities	48,230	45,427
Other	7,072	6,105
	<u>\$ 107,149</u>	<u>\$ 143,931</u>

5. FAIR VALUE MEASUREMENTS

The Organization had investments, which consists of income funds and artwork as of June 30, 2020 and 2019. The investments are intended to provide investment income for the use of the Organization's programs. These investments are presented at fair value and significant information is summarized below. The values presented are based on quoted prices in active markets (Level 1 inputs) and for similar assets in active markets (Level 2 inputs) as follows:

<u>Measured on a Recurring Basis at June 30, 2020</u>	<u>June 30, 2020</u> Fair Value	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u> Fair Value
Income funds - Level 1	\$ 20,646	\$ 1,108	\$	\$ 19,538
Artwork investment - Level 2	42,064			42,064
	<u>\$ 62,710</u>	<u>\$ 1,108</u>	<u>\$</u>	<u>\$ 61,602</u>
<u>Measured on a Recurring Basis at June 30, 2019</u>	<u>June 30, 2019</u> Fair Value	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2018</u> Fair Value
Income funds - Level 1	\$ 19,538	\$ 1,229	\$	\$ 18,309
Artwork investment - Level 2	42,064	7,200		34,864
	<u>\$ 61,602</u>	<u>\$ 8,429</u>	<u>\$</u>	<u>\$ 53,173</u>

Income and unrealized gains on investments

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Dividends	\$ 141	\$
Unrealized gain/(loss) on investments	967	1,229
Total	<u>\$ 1,108</u>	<u>\$ 1,229</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019**

6. NON-CASH CONTRIBUTIONS

The Organization received contributions of non-cash supplies, as follows:

	<u>2020</u>	<u>2019</u>
Program and general supplies	<u>\$ 56,413</u>	<u>\$ 43,044</u>

7. PROPERTY AND EQUIPMENT

Following is a summary of the Organization's property and equipment:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Estimated Useful life</u>
Leasehold improvements	\$ 453,861	\$ 438,361	39.5 years
Furniture, fixtures, and equipment	175,681	164,690	5-7 years
Automobile	24,695	24,695	5 years
Total	<u>654,237</u>	<u>627,746</u>	
Less: accumulated depreciation	<u>(358,152)</u>	<u>(307,110)</u>	
Net value of property and equipment	<u>\$ 296,085</u>	<u>\$ 320,636</u>	
 Depreciation expense for the period	 <u>\$ 51,041</u>	 <u>\$ 56,822</u>	

8. DEPOSITS

Deposits paid represent amounts that the Organization paid to its landlords for the three facilities located in downtown Los Angeles, Culver City and Monterey Park, California, a utility deposit for the Los Angeles location, and a State Fund Compensation Insurance deposit as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Los Angeles, CA location	\$ 20,000	\$ 21,237
Culver City, CA location	36,000	36,000
Monterey Park, CA location	5,800	5,800
Utility	50	50
State Fund insurance deposit	8,806	5,175
	<u>\$ 70,656</u>	<u>\$ 68,262</u>

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019

9. ACCRUED EXPENSES

Accrued expenses consist of the following:

	<u>June 30, 2019</u>	<u>June 30, 2019</u>
Accrued payroll taxes	\$ 5,804	\$ 4,388
Accrued employee vacation	48,827	28,712
Accrued salaries and wages	78,340	54,262
Total	<u>\$ 132,971</u>	<u>\$ 87,362</u>

10. LIQUIDITY

None of the financial assets at June 30, 2020 are subject to donor or other contractual restrictions that make them unavailable for general expenditures. Although the Organization does not intend to spend from its reserve bank accounts other than for amounts appropriated for general expenditure designated in its annual budget, amounts from its cash reserves could be made available if necessary.

The Organization's goal is to maintain financial assets, which consist of cash on hand, money market accounts, and grant and other receivables to meet 60 days of normal operating expenses,

The Organization's financial assets available to meet cash needs for general expenditures within one year of the date of the statement of financial position include:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash and cash equivalents	\$ 582,459	\$ 545,192
Grants and other receivables	919,820	517,697
	<u>\$ 1,502,279</u>	<u>\$ 1,062,889</u>

11. AUTO LOAN PAYABLE

The company had the following auto loan payable at June 30, 2019:

Auto loan payable bank, with interest of 6.84%, monthly payment of \$761, due June 16, 2020	<u>\$ 8,744</u>
---	-----------------

The loan matured and was paid off as of at June 30, 2020.

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019

12. NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Organization.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent amounts received or committed with donor restrictions, which have not yet been expended for their designated purposes (purpose-restricted); amounts with donor capital restrictions, which will be recognized when the assets are placed in service (capital restricted); amounts for general use in future periods (time restricted); and amounts received from donors with the stipulation that the principal will be held in perpetuity and only the investment income can be spent.

Net assets consist of the following:

	June 30, 2020	June 30, 2019
Net assets without donor restrictions:		
Undesignated	\$ 1,827,235	\$ 1,469,245
Total net assets without donor restrictions	\$ 1,827,235	\$ 1,469,245

13. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances at several financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporations (FDIC) up to \$250,000 per institution. As of June 30, 2020 and 2019 the Organization had \$1,893 and \$86,420 of uninsured cash balances, respectively.

The Organization's investments held with the financial institutions as of June 30, 2020 and 2019 are within Securities Investor Protection Corporation limits and are fully insured. However, the Organization's investments are subject to various risks, such as interest rate and overall market volatility risks.

During the years ended June 30, 2020 and 2019, approximately 87% and 92% of the Organization's annual funding came from the Los Angeles County Department of Mental Health, respectively.

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019

14. GRANT AND CONTRACT PROGRAM EXPENSES

The Organization was primarily funded by the following government grants and contracts during the years ended June 30, 2020 and 2019

<u>Funding Source</u>	<u>Contract #</u>	2020 Total Expenditures	2019 Total Expenditures
Los Angeles County Dept. of Mental Health	MH121987 MHSA	\$ 1,908,092	\$ 1,757,921
Los Angeles County Dept. of Mental Health	MH121987 PEI	110,482	99,539
Office of Statewide Health Planning and Development	16-7550 OSHPD		16,187
Office of Statewide Health Planning and Development	17-8315 OSPHD	88,971	184,844
Office of Statewide Health Planning and Development	17-8157 OSPHD	52,820	244,301
Office of Statewide Health Planning and Development	17-82401 OSPHD	202,538	32,034
Office of Statewide Health Planning and Development	17-8311 OSPHD	6,282	89,707
Office of Statewide Health Planning and Development	19-20030 OSPHD	135,068	
Coordinated Entry System 8	CES 8	85,058	83,824
LAHSA	CITY GF 101	50,000	50,000
Los Angeles County Department of Health Services	H-707281	364,703	296,020
Los Angeles County Department of Health Services	H-707281	275,127	
Program service expenses		<u>\$ 3,279,141</u>	<u>\$ 2,854,377</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019**

15. COMMITMENTS

The Organization has three operating leases as follows:

425 S. Broadway, Los Angeles, CA

This is an 8,000 square foot facility located in Downtown Los Angeles. The lease expired on June 30, 2020. On July 1, 2020, the Organization extended the lease. The new lease expires on June 30, 2030 and the rent increases at 3 percent annually. The Organization pays \$1,300 per month to the lessor for utility expenses in addition to the rent.

6666 Green Valley Circle, Culver City, CA

The lease expired on January 31, 2021. The base rent is adjusted annually based on the consumer price index (CPI), which will be capped at a maximum of 12 percent annually.

As of the date of the audit report, the Organization has not entered into a new lease agreement. The Organization's management will negotiate the terms of a new lease.

602 W. Hellman Ave., Monterey Park, CA

The lease expired on June 30, 2018. The tenant (the Organization) and the landlord agreed to continue as month-to-month tenancy.

Year ending			
June 30,	Los Angeles	Culver City	Total
2021	\$ 144,000	\$ 225,774	\$ 369,774
2022	148,320		148,320
2023	152,760		
2024	157,353		
2025	162,073		
Thereafter	886,283		
	<u>\$ 1,650,789</u>	<u>\$ 225,774</u>	<u>\$ 518,094</u>

Line of Credit - The Organization has a bank line of credit that allows borrowing up to \$150,000 and is secured by accounts receivable, equipment and securities. The line of credit has a variable index, with a 2.5% initial rate to a ceiling of 3.5% and renews annually in October. There were no borrowings outstanding at June 30, 2020 and 2019.

16. RETIREMENT PLAN

The Organization implemented a 403(b) plan, which is a defined contribution retirement plan in 2014. The Organization did not make a matching contribution in 2020 and 2019.

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2020 and 2019

17. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2019, management discovered that a cumulative change in net assets was understated. This was due to an automobile lease being converted to a loan in the prior fiscal year that continued to be expensed as an operating lease. The accounts affected were fixed assets, accumulated depreciation and auto loan payable. As a result, the Organization recorded a prior period adjustment of \$3,177 to reflect the correct net assets at the beginning of the year.

18. OTHER DISCLOSURE

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity in subsequent years.

19. RECLASSIFICATIONS

Certain prior year amounts have been reclassified for consistency with the current year presentation. A total of \$3,947 was reclassified from investments in securities to cash and cash equivalents in the statement of financial position. A total of \$56,822 was reclassified from administrative costs to depreciation expense in the statement of functional expenses. A total of \$655 was reclassified from interest and dividends from investments to interest from cash equivalents on the note disclosures. These reclassifications had no effect on the previously reported statement of activities.

20. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 5, 2021 which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange

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 Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange'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 Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's internal control. Accordingly, we do not express an opinion on the effectiveness of Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did not identify deficiencies in internal control that we consider to be significant deficiencies. There are no prior year identified deficiencies in internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange'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. There are no prior year findings that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fresh-Smell & Associates, LLP

Woodland Hills, CA

April 5, 2021