



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

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

June 30, 2021 and 2020

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## **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, 2021 and 2020, 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, 2021 and 2020, 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 March 17, 2022, 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.

*Frith-Smith & Archibald, LLP*

Woodland Hills, CA  
March 17, 2022

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

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 527,368	\$ 582,459
Investments - securities	23,432	20,646
Grants receivable	930,772	868,364
Other receivable	100,273	51,456
Prepaid expenses	104,887	107,149
Total current assets	1,686,732	1,630,074
Property and equipment, net of accumulated depreciation	280,683	296,085
Investments - artwork	42,064	42,064
Deposits	127,729	70,656
<b>Total assets</b>	<b>\$ 2,137,208</b>	<b>\$ 2,038,879</b>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 113,489	\$ 78,673
Accrued expenses	144,040	132,971
<b>Total liabilities</b>	257,529	211,644
Net Assets		
Without donor restrictions	1,879,679	1,827,235
<b>Total net assets</b>	1,879,679	1,827,235
<b>Total liabilities and net assets</b>	<b>\$ 2,137,208</b>	<b>\$ 2,038,879</b>

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, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues, gains, and other support</b>			
Grants	\$ 3,168,443		\$ 3,168,443
Contributions - cash	42,334		42,334
Contributions - non cash	31,465		31,465
Program fees	173,896		173,896
Other income	16,766		16,766
Interest and dividends	1,012		1,012
Net unrealized gain / (loss)	1,875		1,875
Special events income - net of special events expenses of \$10,788	49,287		49,287
	<u>3,485,078</u>		<u>3,485,078</u>
<b>Expenses</b>			
Program services			
Mental Health Program	2,093,092		2,093,092
Prevention and Early Intervention (PEI)	110,482		110,482
CES 8	84,348		84,348
LAHSA	109,349		109,349
Other Programs	930,098		930,098
Unreimbursed Program	42,782		42,782
Total program services	<u>3,370,151</u>		<u>3,370,151</u>
Support services			
Management and general	60,126		60,126
Fundraising	2,357		2,357
Total expenses	<u>3,432,634</u>		<u>3,432,634</u>
<b>Change in net assets</b>	52,444		52,444
<b>Net assets, beginning of year</b>	1,827,235		1,827,235
<b>Net assets, end of year</b>	<u>\$ 1,879,679</u>	<u>\$</u>	<u>\$ 1,879,679</u>

**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>
<b>Revenues, gains, and other support</b>			
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>
<b>Expenses</b>			
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>
<b>Change in net assets</b>	357,990		357,990
<b>Net assets, beginning of year</b>	1,469,245		1,469,245
<b>Net assets, end of year</b>	<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 Functional Expenses  
June 30, 2021**

	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	\$ 5,803	\$ 131	\$	\$	\$ 24	\$	\$ 5,958	\$ 171	\$ 68	\$ 6,197
Auto, mileage, gas	2,285	200			757		3,242			3,242
Client services					40,178		40,178			40,178
Communications	49,333	1,095	2,494	1,070	21,982		75,974	1,645		77,619
Depreciation	48,411	878			165	(9,077)	40,377	1,159	458	41,994
Donations					100		100			100
Repairs and maintenance	41,972	1,708			6,522		50,202	334		50,536
Insurance	32,808	1,343			7,222		41,373			41,373
Postage	182	8			61		251		53	304
Printing	1,500						1,500			1,500
Professional fees	111,407	3,320	454	103	79,664		194,948	49,270	1,568	245,786
Program supplies	18,317	508			28,480		47,305	290		47,595
Rent/utilities (Occupancy)	508,078	31,738	3,219	15,363	73,833	10,000	642,231	6,320	156	648,707
Salaries and benefits	1,259,961	69,553	78,181	92,813	671,110	41,859	2,213,477	937	54	2,214,468
Subcontractors	13,035						13,035			13,035
Subtotal	<u>\$ 2,093,092</u>	<u>\$ 110,482</u>	<u>\$ 84,348</u>	<u>\$ 109,349</u>	<u>\$ 930,098</u>	<u>\$ 42,782</u>	<u>\$ 3,370,151</u>	<u>\$ 60,126</u>	<u>\$ 2,357</u>	<u>\$ 3,432,634</u>

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

Property and equipment					26,591		26,591			\$ 26,591
Total	<u>\$ 2,093,092</u>	<u>\$ 110,482</u>	<u>\$ 84,348</u>	<u>\$ 109,349</u>	<u>\$ 956,689</u>	<u>\$ 42,782</u>	<u>\$ 3,396,742</u>	<u>\$ 60,126</u>	<u>\$ 2,357</u>	<u>\$ 3,459,225</u>

See Independent Auditors' Report and accompanying notes

**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 Cash Flows**  
**Year Ended June 30,**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 52,444	\$ 357,990
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	41,994	51,041
Unrealized gain on investments	(1,875)	(967)
Increase / (decrease) in cash resulting from changes in:		
Grants receivable	(62,408)	(356,283)
Other receivables	(48,817)	(45,840)
Prepaid expenses	2,262	36,782
Accounts payable	34,816	(13,296)
Accrued expenses	11,069	45,609
Deposits	(57,073)	(2,394)
Net cash (used by) / provided by operating activities	<u>(27,588)</u>	<u>72,642</u>
<b>Cash flows from investing activities</b>		
Additions of property and equipment	(26,592)	(26,490)
Reinvested interest and dividend	(911)	(141)
Net cash used by investing activities	<u>(27,503)</u>	<u>(26,631)</u>
<b>Cash flows from financing activities</b>		
Payments of auto loan payable	-	(8,744)
Net cash used by financing activities	<u>-</u>	<u>(8,744)</u>
<b>Net (decrease) / increase in cash and equivalents</b>	(55,091)	37,267
<b>Cash, beginning of year</b>	<u>582,459</u>	<u>545,192</u>
<b>Cash, end of year</b>	<u>\$ 527,368</u>	<u>\$ 582,459</u>
<b>Supplemental cash flow disclosure:</b>		
Cash paid for interest	<u>\$ 111</u>	<u>\$ 425</u>

**Emotional Health Association DBA SHARE!  
the Self-Help And Recovery Exchange  
Notes to Financial Statements  
June 30, 2021 and 2020**

**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 veterans, 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.

**Emotional Health Association DBA SHARE!  
the Self-Help And Recovery Exchange  
Notes to Financial Statements  
June 30, 2021 and 2020**

**2. PROGRAMS, continued**

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.

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—12 tools for maintaining a nurturing culture of recovery, relationship building, conflict avoidance and resolution, and crisis intervention that SHARE! has developed over its 29 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.

**Emotional Health Association DBA SHARE!  
the Self-Help And Recovery Exchange  
Notes to Financial Statements  
June 30, 2021 and 2020**

**3. SIGNIFICANT ACCOUNTING POLICIES, continued**

Basis of Presentation, continued

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.

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. 2016-15, 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, 2021 and 2020**

**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, 2021, 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, 2021 and 2020**

**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, 2021 and 2020**

**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, 2021, donated services contributed by the volunteers were 13,895 hours at a value of \$15 per hour. 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.

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: 2019, 2018 and 2017.

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, 2021 and 2020**

**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, 2021 and 2020**

**4. PREPAID EXPENSES**

Prepaid expenses are comprised of the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Insurance	\$ 26,682	\$ 25,006
Benefits	16,514	26,841
Rent and utilities	48,230	48,230
Other	13,461	7,072
	<u>\$ 104,887</u>	<u>\$ 107,149</u>

**5. FAIR VALUE MEASUREMENTS**

The Organization had investments, which consists of income funds and artwork as of June 30, 2021 and 2020. 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</u> <u>at June 30, 2021</u>	<u>June 30, 2021</u>			<u>June 30, 2020</u>
	<u>Fair</u> <u>Value</u>	<u>Additions</u>	<u>Deletions</u>	<u>Fair</u> <u>Value</u>
Income funds - Level 1	\$ 23,432	\$ 2,786	\$	\$ 20,646
Artwork investment - Level 2	42,064			42,064
	<u>\$ 65,496</u>	<u>\$ 2,786</u>	<u>\$</u>	<u>\$ 62,710</u>
<u>Measured on a Recurring Basis</u> <u>at June 30, 2020</u>	<u>June 30, 2020</u>			<u>June 30, 2019</u>
	<u>Fair</u> <u>Value</u>	<u>Additions</u>	<u>Deletions</u>	<u>Fair</u> <u>Value</u>
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>

**Income and unrealized gains on investments**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Dividends	\$ 911	\$ 141
Unrealized gain on investments	1,875	967
Total	<u>\$ 2,786</u>	<u>\$ 1,108</u>

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**6. NON-CASH CONTRIBUTIONS**

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

	<u>2021</u>	<u>2020</u>
Program and general supplies	<u>\$ 31,465</u>	<u>\$ 56,413</u>

**7. PROPERTY AND EQUIPMENT**

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Estimated Useful life</u>
Leasehold improvements	\$ 453,861	\$ 453,861	39.5 years
Furniture, fixtures, and equipment	197,568	175,681	5-7 years
Automobile	29,400	24,695	5 years
Total	<u>680,829</u>	<u>654,237</u>	
Less: accumulated depreciation	<u>(400,146)</u>	<u>(358,152)</u>	
Net value of property and equipment	<u>\$ 280,683</u>	<u>\$ 296,085</u>	
 Depreciation expense for the year ended	 <u>\$ 41,994</u>	 <u>\$ 51,041</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, 2021</u>	<u>June 30, 2020</u>
Los Angeles, CA location	\$ 20,000	\$ 20,000
Culver City, CA location	36,000	36,000
Monterey Park, CA location	5,800	5,800
Utility	50	50
Workman compensation deposits	28,322	
State Fund insurance deposit	37,557	8,806
	<u>\$ 127,729</u>	<u>\$ 70,656</u>

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**9. ACCRUED EXPENSES**

Accrued expenses consist of the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Accrued payroll taxes	\$ 8,296	\$ 5,804
Accrued employee vacation	44,122	48,827
Accrued salaries and wages	91,622	78,340
Total	<u>\$ 144,040</u>	<u>\$ 132,971</u>

**10. LIQUIDITY**

None of the financial assets at June 30, 2021 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, which are, on average, approximately \$520,000.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Cash and cash equivalents	\$ 527,368	\$ 582,459
Grants and other receivables	1,031,045	919,820
	<u>\$ 1,558,413</u>	<u>\$ 1,502,279</u>

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**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, 2021	June 30, 2020
Net assets without donor restrictions:		
Undesignated	\$ 1,879,679	\$ 1,827,235
Total net assets without donor restrictions	\$ 1,879,679	\$ 1,827,235

**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, 2021 and 2020 the Organization had \$96,562 and \$1,893 of uninsured cash balances, respectively.

The Organization's investments held with the financial institutions as of June 30, 2021 and 2020 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, 2021 and 2020, approximately 80% and 87% of the Organization's annual funding came from the Los Angeles County Department of Mental Health, respectively.

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**14. GRANT AND CONTRACT PROGRAM EXPENSES**

The Organization was primarily funded by the following government grants and contracts during the years ended June 30, 2021 and 2020

Funding Source	Contract #	2021 Total Expenditures	2020 Total Expenditures
Los Angeles County Dept. of Mental Health	MH121987 MHSA	\$ 1,908,092	\$ 1,908,092
Los Angeles County Dept. of Mental Health	MH121987 PEI	110,482	110,482
Office of Statewide Health Planning and Development	17-8315 OSPHD		88,971
Office of Statewide Health Planning and Development	17-8157 OSPHD		52,820
Office of Statewide Health Planning and Development	17-82401 OSPHD		202,538
Office of Statewide Health Planning and Development	17-8311 OSPHD		6,282
Office of Statewide Health Planning and Development	19-20030 OSPHD	168,857	135,068
Coordinated Entry System 8	CES 8	84,348	85,058
LAHSA	CITY GF 101	48,793	50,000
Los Angeles County Department of Health Services	H-707281	324,082	364,703
Los Angeles County Department of Health Services	H-707281	235,381	275,127
Los Angeles County Dept. of Mental Health	MH121987 DMH	185,000	
Gateway Cities	SHARE!	167,996	
CD1	2020CRFRR49	60,557	
City of Claremont	SHARE! Pilot	13,175	
DPSS	CSBG21-20 2EMG2120HP	11,180	
DPSS - Cares	CSBG21-20 2EM2120PHC	9,464	
	Program service expenses	\$ 3,327,407	\$ 3,279,141

See Independent Auditors' Report and accompanying notes

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**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. On February 1, 2021, the Organization extended the lease. The new lease expires on January 31, 2025 and the base rent is adjusted annually based on the consumer price index (CPI), which will be capped at a maximum of 12 percent annually.

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
2022	\$ 148,320	\$ 399,096	\$ 547,416
2023	152,760	411,069	563,829
2024	157,353	423,401	580,754
2025	162,073	251,253	413,326
2026	166,935		166,935
Thereafter	719,347		
	<u>\$ 1,506,788</u>	<u>\$ 1,484,819</u>	<u>\$ 2,272,260</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, 2021 and 2020.

**16. RETIREMENT PLAN**

The Organization implemented a 403(b) plan, which is a defined contribution retirement plan in 2014. The Organization made \$3,769 and zero in matching contribution in 2021 and 2020, respectively.

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**17 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.

**18 SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 17, 2022 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, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2022.

**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.

*Firth-Smith & Archibald, LLP*

Woodland Hills, CA

March 17, 2022