



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

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

June 30, 2022 and 2021

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Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange (a nonprofit organization), which is comprised of the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange as of June 30, 2022 and 2021, 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.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's internal control over financial reporting and compliance.

Frith-Smith & Archibald

Woodland Hills, California
March 27, 2023

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

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 743,362	\$ 527,368
Investments - securities	21,770	23,432
Grants receivable	2,464,430	930,772
Other receivable	253,951	100,273
Prepaid expenses	233,788	104,887
Total current assets	3,717,301	1,686,732
Property and equipment, net of accumulated depreciation	241,839	280,683
Investments - artwork	42,064	42,064
Deposits	75,974	127,729
Total assets	\$ 4,077,178	\$ 2,137,208
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 336,983	\$ 113,489
Accrued expenses	785,384	144,040
Total liabilities	1,122,367	257,529
Net Assets		
Without donor restrictions	2,954,811	1,879,679
Total net assets	2,954,811	1,879,679
Total liabilities and net assets	\$ 4,077,178	\$ 2,137,208

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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Grants	\$ 6,296,713	\$ 150,000	\$ 6,446,713
Contributions - cash	51,130		51,130
Contributions - non cash	13,565		13,565
Program fees	446,874		446,874
Other income	590		590
Interest and dividends	1,031		1,031
Net unrealized gain / (loss) on investments	(2,686)		(2,686)
Special events income - net of special events expenses of \$25,473	38,979		38,979
Net assets released from restrictions	150,000	(150,000)	
	<u>6,996,196</u>	<u>-</u>	<u>6,996,196</u>
Expenses			
Program services			
Mental Health Program	1,944,809		1,944,809
Prevention and Early Intervention (PEI)	112,625		112,625
CES 8	90,600		90,600
LAHSA	720,462		720,462
Other Programs	2,511,563		2,511,563
Unreimbursed Program	383,824		383,824
Total program services	<u>5,763,883</u>		<u>5,763,883</u>
Support services			
Management and general	126,704		126,704
Fundraising	30,477		30,477
Total expenses	<u>5,921,064</u>		<u>5,921,064</u>
Change in net assets	1,075,132	-	1,075,132
Net assets, beginning of year	1,879,679		1,879,679
Net assets, end of year	<u>\$ 2,954,811</u>	<u>\$ -</u>	<u>\$ 2,954,811</u>

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>
Revenues, gains, and other support			
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>
Expenses			
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>
Change in net assets	52,444		52,444
Net assets, beginning of year	1,827,235		1,827,235
Net assets, end of year	<u>\$ 1,879,679</u>	<u>\$</u>	<u>\$ 1,879,679</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, 2022**

	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	\$ 3,982	\$ 252	\$	\$	\$ 1,848	\$ 90	\$ 6,172		\$ 227	\$ 6,399
Auto, mileage, gas	4,844	29	351	6,025	24,750		35,999			35,999
Client Services				289,829	373,251		663,080			663,080
Communications	36,554	1,481	2,210	10,991	33,261	6,500	90,997		795	91,792
Depreciation	36,701	2,143					38,844			38,844
Donations					100		100			100
Repairs and maintenance	21,946	1,901			41,495	5,500	70,842		771	71,613
Insurance	33,831	1,682			3,967	5,500	44,980			44,980
Postage	273	5			464		742		15	757
Printing					534		534			534
Professional fees	265,355	13,887	4,603	15,630	390,695	64,516	754,686	31,456	27,954	814,096
Program supplies	25,924	450			15,302	2,500	44,176		495	44,671
Rent/utilities (Occupancy)	410,193	13,207	3,266	51,600	215,827	12,500	706,593	22,486	139	729,218
Salaries and benefits	1,098,556	77,588	80,170	346,387	1,410,069	280,018	3,292,788	72,762	81	3,365,631
Subcontractors	6,650					6,700	13,350			13,350
Total	\$ 1,944,809	\$ 112,625	\$ 90,600	\$ 720,462	\$ 2,511,563	\$ 383,824	\$ 5,763,883	\$ 126,704	\$ 30,477	\$ 5,921,064

See Independent Auditors' Report and accompanying notes

**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	\$ 2,093,092	\$ 110,482	\$ 84,348	\$ 109,349	\$ 930,098	\$ 42,782	\$ 3,370,151	\$ 60,126	\$ 2,357	\$ 3,432,634

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

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

See Independent Auditors' Report and accompanying notes

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

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 1,075,132	\$ 52,444
Adjustments to reconcile change in net assets to net cash provided by / (used in) operating activities:		
Depreciation	38,844	41,994
Unrealized gain on investments	2,686	(1,875)
Increase / (decrease) in cash resulting from changes in:		
Grants receivable	(1,533,658)	(62,408)
Other receivables	(153,678)	(48,817)
Prepaid expenses	(128,901)	2,262
Accounts payable	223,494	34,816
Accrued expenses	641,344	11,069
Deposits	51,755	(57,073)
Net cash provided by / (used in) operating activities:	<u>217,018</u>	<u>(27,588)</u>
Cash flows from investing activities		
Additions of property and equipment	-	(26,592)
Reinvested interest and dividend	(1,024)	(911)
Net cash provided by / (used in) investing activities:	<u>(1,024)</u>	<u>(27,503)</u>
Net increase / (decrease) in cash and equivalents	215,994	(55,091)
Cash, beginning of year	<u>527,368</u>	<u>582,459</u>
Cash, end of year	<u>\$ 743,362</u>	<u>\$ 527,368</u>
Supplemental cash flow disclosure:		
Cash paid for interest	<u>\$ 628</u>	<u>\$ 111</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2022 and 2021**

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, 2022 and 2021**

2. PROGRAMS, continued

SHARE! Recovery Retreat: The program in Monterey Park and San Fernando Valley 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 30 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, 2022 and 2021

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 September 2020, the Financial Accounting Standards Board (FASB) issued ASU No 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 adds new presentation and disclosure requirements for contributed nonfinancial assets (gifts-in-kind). The Organization adopted the new guidance effective July 1, 2021.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2022 and 2021**

3. SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2022, because management believes that all accounts are collectible.

Property and Equipment

Property and equipment is 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, 2022 and 2021**

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.

During the year ended June 30, 2022, 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, 2022 and 2021**

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 years ended June 30, 2022 and 2021, the Organization also received donated services contributed by volunteers. The hours donated by volunteers were 7,014 and 13,895 hours at a value of \$15 per hour for the fiscal years ended June 30, 2022 and 2021, respectively.

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: 2020, 2019 and 2018.

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, 2022 and 2021

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

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4. PREPAID EXPENSES

Prepaid expenses are comprised of the following:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Insurance	\$ 132,739	\$ 26,682
Benefits	22,303	16,514
Rent and utilities	64,769	48,230
Other	13,977	13,461
	<u>\$ 233,788</u>	<u>\$ 104,887</u>

5. FAIR VALUE MEASUREMENTS

The Organization had investments, which consists of income funds and artwork as of June 30, 2022 and 2021. 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, 2022</u>	<u>June 30, 2022 Fair Value</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021 Fair Value</u>
Income funds - Level 1	\$ 21,770	\$ 1,662	\$ (3,324)	\$ 23,432
Artwork investment - Level 2	42,064			42,064
	<u>\$ 63,834</u>	<u>\$ 1,662</u>	<u>\$ (3,324)</u>	<u>\$ 65,496</u>
<u>Measured on a Recurring Basis at June 30, 2021</u>	<u>June 30, 2021 Fair Value</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020 Fair 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>

Income and unrealized gains on investments

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Dividends	\$ 1,031	\$ 911
Unrealized gain on investments	(2,686)	1,875
Total	<u>\$ (1,655)</u>	<u>\$ 2,786</u>

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6. NON-CASH CONTRIBUTIONS

The Organization received contributions of non-cash supplies, as follows during the years ended June 30,

	<u>2022</u>	<u>2021</u>
Program and general supplies	<u>\$ 13,565</u>	<u>\$ 31,465</u>

7. PROPERTY AND EQUIPMENT

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Estimated Useful life</u>
Leasehold improvements	\$ 453,861	\$ 453,861	39.5 years
Furniture, fixtures, and equipment	197,568	197,568	5-7 years
Automobile	29,400	29,400	5 years
Total	<u>680,829</u>	<u>680,829</u>	
Less: accumulated depreciation	<u>(438,990)</u>	<u>(400,146)</u>	
Net value of property and equipment	<u>\$ 241,839</u>	<u>\$ 280,683</u>	
 Depreciation expense for the year ended	 <u>\$ 38,844</u>	 <u>\$ 41,994</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, 2022</u>	<u>June 30, 2021</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
Utilities	50	50
Workmen's compensation deposits		28,322
State Fund insurance deposit	14,124	37,557
	<u>\$ 75,974</u>	<u>\$ 127,729</u>

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9. ACCRUED EXPENSES

Accrued expenses consist of the following:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Accrued payroll taxes	\$ 23,782	\$ 8,296
Accrued employee vacation	52,994	44,122
Accrued salaries and wages	296,904	91,622
Accrued 403(b) plan contribution expenses	267,380	
Other accrued expenses	144,324	
Total	<u>\$ 785,384</u>	<u>\$ 144,040</u>

10. LIQUIDITY

As part of its liquidity management, 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 \$987,000.

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	\$ 743,362	\$ 527,368
Grants receivables	2,464,430	930,772
Other receivables	253,951	100,273
	<u>\$ 3,461,743</u>	<u>\$ 1,558,413</u>

**Emotional Health Association DBA SHARE!
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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, 2022	June 30, 2021
Net assets without donor restrictions:		
Undesignated	\$ 2,954,811	\$ 1,879,679
Total net assets without donor restrictions	\$ 2,954,811	\$ 1,879,679

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, 2022 and 2021 the Organization had \$130,954 and \$96,562 of uninsured cash balances, respectively.

The Organization's investments held with the financial institutions as of June 30, 2022 and 2021 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, 2022 and 2021, approximately 30% and 80%, respectively, of the Organization's annual funding came from the Los Angeles County Department of Mental Health.

**Emotional Health Association DBA SHARE!
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Notes to Financial Statements
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14. 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 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
2023	\$ 152,769	411,069	\$ 563,838
2024	157,353	423,401	580,754
2025	162,073	251,253	413,326
2026	166,935		166,935
2027	171,943		171,943
Thereafter	547,404		
	<u>\$ 1,358,477</u>	<u>\$ 1,085,723</u>	<u>\$ 1,896,796</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, 2022 and 2021.

15. RETIREMENT PLAN

The Organization implemented a 403(b) plan, which is a defined contribution retirement plan in 2014. The Organization made \$267,380 and \$3,769 in matching contribution in 2022 and 2021, respectively.

**Emotional Health Association DBA SHARE!
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Notes to Financial Statements
June 30, 2022 and 2021**

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 27, 2023 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.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Schedule of Expenditures of Federal Awards
June 30, 2022**

<u>Federal Grantor/ Program Title/ Pass-through Grantor</u>	<u>Federal CFDA Number</u>	<u>Grant Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health & Human Services/ Administration for Children and Families			
Community Services Block Grant			
County of Los Angeles			
CSBG CARES	93.569	4EM2120PHC	\$ 39,874
CSBG CARES	93.569	2EM2120PHC	42,906
CSBG CARES	93.569	2EE2120STC	6,186
CSBG	93.569	2EMG2120HP	28,598
			<u>\$ 117,564</u>
U.S. Department of Health & Human Services/ Substance Abuse and Mental Health Services Administration			
* Block Grants for Prevention and Treatment of Substance Abuse			
Advocates for Human Potential, Inc			
California Behavioral Health Workforce Development	93.959	7438-CA BHWD- SHARE!-01	\$ 716,645
California Behavioral Health Workforce Development	93.959	7438-CA BHWD-EHA-01	169,440
			<u>\$ 886,085</u>
		Total Federal Expenditures	<u>\$ 1,003,649</u>
* Major Program			

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2022**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Emotional Health Association, DBA SHARE! the Self-Help And Recovery Exchange under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Emotional Health Association, DBA SHARE! the Self-Help And Recovery Exchange, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. In addition, agency or pass-through numbers are presented where available.

3. INDIRECT COSTS

Emotional Health Association, DBA SHARE! the Self-Help And Recovery Exchange has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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, 2022 and 2021, 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 27, 2023.

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.

Frith-Smith & Archibald

Woodland Hills, California
March 27, 2023

Independent Auditors' Report on Internal Control Over Financial Reporting Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange's major federal programs for the year ended June 30, 2022. Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange' major federal programs are identified in the summary of the auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange's compliance.

Opinion on Each Major Federal Program

In our opinion, Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Report on Internal Control Over Compliance

Management of Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Emotional Health Association, dba SHARE! the Self-Help and Recovery Exchange's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. 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 over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Frith-Smith & Archibald

Woodland Hills, California
March 27, 2023

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2022 and 2021**

Section I - Summary of Auditors' Results

Type of auditors' report issued on the financial statements: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? None

Significant deficiency(ies) identified? None

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? None noted

Significant deficiency(ies) identified? None noted

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? None

Identification of Major Programs

Block Grants for Prevention and Treatment of Substance Abuse 93.959

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? No

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2022 and 2021**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Year Findings

None