



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

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITOR'S REPORT

June 30, 2018 and 2017

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Independent Auditor's 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 of the statement of financial position as of June 30, 2018 and 2017, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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, 2018 and 2017, 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 February 19, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Friedman-Siegel & Associates, LLP

Woodland Hills, CA
February 19, 2019

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

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 113,010	\$ 172,339
Investments - securities	21,600	21,016
Grants receivable	632,235	469,072
Other receivable, net of allowance of \$27,126	38,400	1,275
Prepaid expenses	89,654	70,709
Total current assets	894,899	734,411
Property and equipment, net of accumulated depreciation	347,038	382,862
Investments - artwork	34,864	34,864
Security deposits	65,211	65,542
Total assets	\$ 1,342,012	\$ 1,217,679
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 68,143	\$ 50,515
Accrued expenses	86,552	99,169
Total liabilities	154,695	149,684
Net Assets		
Unrestricted	1,187,317	1,067,995
Total net assets	1,187,317	1,067,995
Total liabilities and net assets	\$ 1,342,012	\$ 1,217,679

See Independent Auditor's 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,

	Unrestricted	2018 Total	2017 Total
Revenues, gains, and other support			
Grants	\$ 2,343,820	\$ 2,343,820	\$ 2,432,035
Contributions - cash	94,482	94,482	40,833
Contributions - non cash	22,461	22,461	16,365
Program fees	372,758	372,758	22,972
Other income	455	455	1,159
Interest and dividends	585	585	846
Special events income - net of special events expenses of \$3,309	33,703	33,703	32,350
	<u>2,868,264</u>	<u>2,868,264</u>	<u>2,546,560</u>
Expenses			
Program services	2,619,740	2,619,740	2,481,641
Support services			
Management and general	77,934	77,934	18,207
Fundraising	51,268	51,268	42,813
Total expenses	<u>2,748,942</u>	<u>2,748,942</u>	<u>2,542,661</u>
Change in net assets	119,322	119,322	3,899
Net assets, beginning of year	1,067,995	1,067,995	1,064,096
Net assets, end of year	<u>\$ 1,187,317</u>	<u>\$ 1,187,317</u>	<u>\$ 1,067,995</u>

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Statement of Functional Expenses
June 30, 2018

	Mental Health Program	Prevention and Early Intervention (PEI)	CES 6	CES 8	LAHSA	Other	Unreimbursed Program	Total Program Expenses	Management and General	Fundraising	Total Expenses
Rent/utilities (Occupancy)	\$ 439,359	\$ 34,208	\$ 1,740	\$ 2,408	\$ 1,885	\$ 44,970	\$ 38,341	\$ 562,911			\$ 562,911
Salaries and benefits	941,257	49,082	37,057	57,718	46,988	482,692	37,066	1,651,860		45,115	1,696,975
Professional fees	36,499	4,492				13,231	1,539	55,761	62,934	3,400	122,095
Repairs and maintenance	18,011	890						18,901			18,901
Communications	40,285	2,408	840	1,680	980	1,866	10,200	58,259			58,259
Insurance	29,408	1,786						31,194			31,194
Subcontractors	15,000					35,343		50,343			50,343
Program supplies	44,113	2,049				16,822	20,000	82,984		2,753	85,737
Auto, mileage, gas	24,084	237	118	913	418	14,849	5,000	45,619			45,619
Administrative costs	57,521	4,387						61,908	15,000		76,908
Subtotal	\$ 1,645,537	\$ 99,539	\$ 39,755	\$ 62,719	\$ 50,271	\$ 609,773	\$ 112,146	\$ 2,619,740	\$ 77,934	\$ 51,268	\$ 2,748,942

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

Property and equipment						13,807		13,807			\$ 13,807
Total	\$ 1,645,537	\$ 99,539	\$ 39,755	\$ 62,719	\$ 50,271	\$ 623,580	\$ 112,146	\$ 2,633,547	\$ 77,934	\$ 51,268	\$ 2,762,749

See independent auditor's report

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Statement of Functional Expenses
June 30, 2017**

	Mental Health Program	Peer-Run Respite Care Home (PRRCH)	Prevention and Early Intervention (PEI)	Housing Trust Fund Program	CES 2	CES 6	CES 8	Other Program	Unreimbursed Program	Total Program Expenses	Management and General	Fundraising	Total
Rent/Utilities (Occupancy)	\$ 292,085	\$ 105,465	\$ 26,374	\$ 23,000	\$ 434	\$ 3,565	\$ 1,371	\$ 65,962	\$ 97,621	\$ 518,256	\$	\$	\$ 518,256
Salaries and benefits	410,932	502,543	58,140	109,353	8,326	61,966	58,911	264,094	97,621	1,571,886		37,500	1,609,386
Professional fees	34,738	29,510	3,917					33,553		101,718	2,500	4,102	108,320
Repairs and maintenance	5,818	3,586	238							9,642			9,642
Communications	26,009	22,008	3,084	1,968	420	1,480	1,680	2,482		59,131		165	59,296
Insurance	17,118	14,518	1,927	720						34,283			34,283
Postage	414	350	47							811		383	1,194
Subcontractors											15,000		15,000
Program supplies	71,476	54,373	4,712	31				22,923		153,515		349	153,864
Mileage/Travel	9,224	16,118	110	933	194	342	823	547		28,291		44	28,335
Donations	647	549	73					20		1,289			1,289
Administrative costs	916	979	917					7		2,819	707	270	3,796
Subtotal	\$ 869,377	\$ 749,999	\$ 99,539	\$ 136,005	\$ 9,374	\$ 67,353	\$ 62,785	\$ 389,588	\$ 97,621	\$ 2,481,641	\$ 18,207	\$ 42,813	\$ 2,542,661

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

Property and equipment								6,024		6,024			6,024
Total	\$ 869,377	\$ 749,999	\$ 99,539	\$ 136,005	\$ 9,374	\$ 67,353	\$ 62,785	\$ 395,612	\$ 97,621	\$ 2,487,665	\$ 18,207	\$ 42,813	\$ 2,548,685

See independent auditor's report

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

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 119,322	\$ 3,899
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	49,631	49,669
Unrealized loss / (gain) on investments	(584)	(2,755)
(Decrease) / increase in cash resulting from changes in:		
Grants receivable	(163,163)	13,116
Other receivables	(37,125)	(1,275)
Prepaid expenses	(18,945)	(2,781)
Accounts payable	17,629	(58,092)
Accrued expenses	(12,617)	(8,783)
Security deposits	331	1,140
Other liabilities		(354)
Net cash used by operating activities	<u>(45,522)</u>	<u>(6,216)</u>
Cash flows from investing activities		
Additions of property and equipment	(13,807)	(6,025)
Net cash used by investing activities	<u>(13,807)</u>	<u>(6,025)</u>
Cash flows from financing activities		
Additions to line of credit		110,000
Payments to line of credit		(110,000)
Net cash used by financing activities		<u> </u>
Net decrease in cash and equivalents	(59,329)	(12,241)
Cash, beginning of year	<u>172,339</u>	<u>184,580</u>
Cash, end of year	<u>\$ 113,010</u>	<u>\$ 172,339</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2018 and 2017**

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 LA 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 we host more than 140 weekly meetings with monthly attendance of 5,000 people. SHARE! accepts brochures and flyers for distribution at our centers, so agencies and others can reach the self-help community. We have lots of volunteer opportunities for people including those doing court-ordered community service. We accept all volunteers even those with limited skills or felony convictions.

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

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.

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.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2018 and 2017**

2. PROGRAMS, continued

Volunteer-to-Job: Program that gives anyone a meaningful job at SHARE!, no matter how limited their skills or debilitating their symptoms. SHARE! trains and encourages our Volunteer-to-Jobs participants until they develop the skills and confidence to obtain a competitive job either at SHARE! or in the community.

Rapid Recovery: The program helps each person design and access recovery tools for whatever issues they would like to work on. SHARE! Rapid Recovery uses SAMHSA's Eight Dimensions of Wellness with a checklist of recovery goals. People use the checklists to identify things they want to work on. SHARE! then links them to the self-help support groups and other tools to help each person realize their personal recovery goals.

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, support and 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted 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.

Grants Receivable

Grants receivable are amounts due for various organizations, including non profits and state agencies. An allowance for uncollectible receivables in the amount of \$27,126 has been provided as of June 30, 2018.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2018 and 2017**

3. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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

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.

Contribution Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when stipulated time restrictions end or purpose restrictions are accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity, including changes in net assets.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2018 and 2017**

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Donated Assets

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support 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 restricted support. In the absence of donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

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, 2018 donated services contributed by the volunteers were 53,161 hours for a value of \$15 per hour, and 30 hours for a value of \$52 per hour. For the fiscal year ended June 30, 2017 donated services contributed by the volunteers were 155,444 hours for a value of \$9 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: 2017, 2016 and 2015.

Functional Expense Reporting

The costs of providing the Organization's programs are summarized on a functional basis in the accompanying financial statements. Based on management estimates, costs are allocated between program, management, and fundraising expenses as they relate to those functions.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2018 and 2017**

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Comparative Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with U.S. generally accepted accounting principles. Such information should be read together with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was extracted.

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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the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2018 and 2017

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

Cash includes demand deposits with banks or other financial institutions. Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less. See Note 12 for the concentration of credit risks regarding cash and cash equivalents.

4. PREPAID EXPENSES

Prepaid expenses are comprised of the following:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Insurance	\$ 21,034	\$ 10,462
Benefits	22,723	20,230
Rent and utilities	45,602	39,722
Other	295	295
	<u>\$ 89,654</u>	<u>\$ 70,709</u>

5. FAIR VALUE MEASUREMENTS

The Organization has investments, which consists of income funds and artwork as of June 30, 2018 and 2017. 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, 2018</u>	<u>2018 Fair Value</u>	<u>Additions</u>	<u>Deletions</u>	<u>2017 Fair Value</u>
Income funds - Level 1	\$ 21,600	\$ 1,424	\$ 839	\$ 21,016
Artwork investment - Level 2	34,864			34,864
	<u>\$ 56,464</u>	<u>\$ 1,424</u>	<u>\$ 839</u>	<u>\$ 55,880</u>

Income and unrealized gains on investments

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 1,424	\$ 846
Unrealized gain/(loss) on investments	(839)	
	<u>\$ 585</u>	<u>\$ 846</u>

**Emotional Health Association DBA SHARE!
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Notes to Financial Statements
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6. NON-CASH CONTRIBUTIONS

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Program and general supplies	<u>\$ 22,461</u>	<u>\$ 16,365</u>

7. PROPERTY AND EQUIPMENT

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Estimated Useful life</u>
Leasehold improvements	\$ 434,109	\$ 434,109	39.5 years
Furniture, fixtures, and equipment	158,690	144,883	5-7 years
Total	<u>592,799</u>	<u>578,992</u>	
Less: accumulated depreciation	<u>(245,761)</u>	<u>(196,130)</u>	
Net value of property and equipment	<u>\$ 347,038</u>	<u>\$ 382,862</u>	
 Depreciation expense for the period	 <u>\$ 49,631</u>	 <u>\$ 49,669</u>	

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8. DEPOSITS

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Los Angeles, CA location	\$ 21,237	\$ 21,237
Culver City, CA location	36,000	36,000
Monterey Park, CA location	5,800	5,800
Utility	50	50
State Fund insurance deposit	2,124	2,455
	<u>\$ 65,211</u>	<u>\$ 65,542</u>

9. ACCRUED EXPENSES

Accrued expenses consist of the following:

	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Accrued payroll taxes	\$ 4,453	\$ 4,665
Accrued employee vacation	28,764	38,776
Accrued salaries and wages	53,335	55,606
Total	<u>\$ 86,552</u>	<u>\$ 99,047</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2018 and 2017**

10. GRANT AND CONTRACT PROGRAM EXPENSES, continued

The Organization is primarily funded by the following grants and contracts for the year ended June 30, 2018 and 2017.

Funding Source	Contract #	Contract Period	Contract Amount	2018 Actual Expenditures	2017 Total
Los Angeles County Dept. of Mental Health	MH121357 MHSA	07/01/2017- 06/30/2018	\$ 895,537	\$ 953,274	\$ 869,377
Los Angeles County Dept. of Mental Health	MH121357 PRRCH	07/01/2017- 06/30/2018	750,000	798,203	749,999
Los Angeles County Dept. of Mental Health	MH121357 PEI	07/01/2017- 06/30/2018	99,538	105,744	99,539
Los Angeles County Dept. of Mental Health	MH 050173 ICADTP	07/01/2016- 06/30/2017	200,000	148,951	93,088
Los Angeles County The Mental Health Services Act Housing Trust Fund	MH190084	07/01/2010- 06/30/2017			136,005
Office of Statewide Health Planning and Development	16-7550 OSHPD	07/01/2016- 12/31/2018	285,549	212,703	296,500
Office of Statewide Health Planning and Development	17-8315	02/15/2018- 06/30/2019	21,812	16,248	
Office of Statewide Health Planning and Development	17-8157	11/15/2017- 06/30/2019	18,184	13,545	
Coordinated Entry System 2					9,374
Coordinated Entry System 6		07/01/2017- 12/31/2018	39,755	39,755	67,353
Coordinated Entry System 8		07/01/2017- 06/30/2018	62,719	62,719	62,785
LAHSA	CITY GF 101	12/15/2017- 6/30/2018	50,000	50,271	
DHS	H-707281	07/01/2017- 06/30/2018	246,000	183,209	
LMU			47,153	35,118	
				<u>2,619,740</u>	<u>2,384,020</u>
	Unreimbursed program expenses				97,621
	Program service expenses			<u>\$ 2,619,740</u>	<u>\$ 2,481,641</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2018 and 2017**

11. COMMITMENTS

The Organization has three noncapitalizable 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, 2020 and the rent increases at 4 percent annually. The Organization pays \$500 per month to the lessor for utility expenses in addition to the rent.

6666 Green Valley Circle, Culver City, CA

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

602 W. Hellman Ave., Monterey Park, CA

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

Year ending June 30,	Los Angeles	Culver City	Total
2019	116,280	375,379	491,659
2020	120,931	400,711	521,642
2021		242,368	242,368
2022			
	<u>\$ 237,211</u>	<u>\$ 1,018,458</u>	<u>\$ 1,255,669</u>

Line of Credit - Line of credit commitment of \$100,000, bank, secured by accounts receivable, equipment and securities, at variable index: City National Bank with 2.5% initial rate to a ceiling of 3.5%, renews annually in October. There were no borrowings outstanding at June 30, 2018 and 2017.

12. 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, 2018 the Organization has \$42,395 of uninsured cash balance and none as of June 30, 2017.

The Organization's investments held with the financial institutions as of June 30, 2018 and 2017 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.

A significant portion, approximately 88 percent, of the Organization's annual funding comes from the Los Angeles County Department of Mental Health.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2018 and 2017**

13. RECLASSIFICATIONS

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassification had no effect on the reported results of operations. Balances in the statement of activities for the year ended June 30, 2017 were reclassified. This change in reclassification does not affect previously reported total revenues in the statement of activities.

14. RETIREMENT PLAN

The Organization implemented a defined contribution retirement plan in 2014, which is a 403(b) plan. The Organization did not make a matching contribution in 2018 and 2017.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 19, 2019, 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 Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors 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 of the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 19, 2019.

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.

Frost & Arnold, LLP

Woodland Hills, CA
February 19, 2019