



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

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITOR'S REPORT

June 30, 2017 and 2016

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses - Year Ended June 30, 2017	6
Statement of Functional Expenses - Year Ended June 30, 2016	7
Notes to Financial Statements	8-18
REPORT ON INTERNAL CONTROL	
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 <i>Government Auditing Standards</i>	19-20

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, 2017, and the related statements of activities, functional expenses, and cash flows for the year 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, 2017 and 2016, 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 November 16, 2017, 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Frost - Arnold & Bechtel, LLP

Woodland Hills, CA

November 16, 2017

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

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 172,339	\$ 184,580
Investments - securities	21,016	18,261
Grants receivable	469,072	482,188
Other receivable	1,275	
Prepaid expenses	70,709	67,928
Total current assets	<u>734,411</u>	<u>752,957</u>
Property and equipment, net of accumulated depreciation	382,862	426,507
Investments - artwork	34,864	34,864
Security deposits	65,542	66,682
Total assets	<u><u>\$ 1,217,679</u></u>	<u><u>\$ 1,281,010</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 50,515	\$ 108,607
Accrued expenses	99,169	108,307
Total liabilities	<u>149,684</u>	<u>216,914</u>
Net Assets		
Unrestricted	<u>1,067,995</u>	<u>1,064,096</u>
Total net assets	<u>1,067,995</u>	<u>1,064,096</u>
Total liabilities and net assets	<u><u>\$ 1,217,679</u></u>	<u><u>\$ 1,281,010</u></u>

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,

	<u>Unrestricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
Revenues, gains, and other support			
Grants	\$ 2,455,007	\$ 2,455,007	\$ 2,642,619
Contributions - cash	40,833	40,833	17,255
Contributions - non cash	16,365	16,365	45,023
Consulting income			75,000
Other income	1,159	1,159	15,697
Interest and dividends	846	846	1,429
Special events income - net of special events expenses of \$3,065	32,350	32,350	38,081
Total revenues	<u>2,546,560</u>	<u>2,546,560</u>	<u>2,835,104</u>
Expenses			
Program services	2,481,641	2,481,641	2,711,745
Support services			
Management and general	18,207	18,207	74,608
Fundraising	42,813	42,813	3,069
Total expenses	<u>2,542,661</u>	<u>2,542,661</u>	<u>2,789,422</u>
Change in net assets	3,899	3,899	45,682
Net assets, beginning of year	1,064,096	1,064,096	1,018,414
Net assets, end of year	<u>\$ 1,067,995</u>	<u>\$ 1,067,995</u>	<u>\$ 1,064,096</u>

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

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ 3,899	\$ 45,682
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	49,669	52,030
Unrealized (gain) / loss on investments	(2,755)	(1,423)
Increase / (decrease) in cash resulting from changes in:		
Grants receivable	13,116	(38,369)
Other receivables	(1,275)	
Prepaid expenses	(2,781)	(4,107)
Accounts payable	(58,092)	20,979
Accrued expenses	(8,783)	(87,306)
Security deposits	1,140	(2,127)
Other liabilities	(354)	(49)
Net cash used by operating activities	(6,216)	(14,690)
Cash flows from investing activities		
Additions of property and equipment	(6,025)	
Net cash used by investing activities	(6,025)	
Cash flows from financing activities		
Additions to line of credit	110,000	50,000
Payments to line of credit	(110,000)	(50,000)
Net cash used by financing activities		
Net decrease in cash and equivalents	(12,241)	(14,690)
Cash, beginning of year	184,580	199,270
Cash, end of year	\$ 172,339	\$ 184,580

**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	\$	\$ 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 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 Functional Expenses
June 30, 2016

	Mental Health Program	Peer-Run Integrated Services Management (PRISM)	Peer-Run Respite Care Home (PRRCH)	Prevention and Early Intervention (PEI)	Housing Trust Fund Program	CES 2	CES 6	CES 8	Unreimbursed Program	Total Program Expenses	Management and General	Fundraising	Total Expenses
Rent/Utilities (Occupancy)	\$ 221,183	\$ 119,995	\$ 86,194	\$ 15,741	\$ 13,672	\$ 1,936	\$	\$ 3,615	\$	\$ 462,336	\$	\$ 53	\$ 462,389
Salaries and benefits	511,981	408,591	521,952	69,413	123,653	46,540	9,188	57,094	80,212	1,828,624	73,179		1,901,803
Professional fees	39,847	29,162	35,299	4,308						108,616		150	108,766
Repairs and maintenance	5,941	3,966	7,930	585						18,422			18,422
Communications	19,299	13,151	17,358	2,448	1,518	765		1,190		55,729			55,729
Insurance	13,531	5,981	7,197	1,643	720					29,072			29,072
Postage	258	182	219	29	12					700		841	1,541
Subcontractors	15,000									15,000			15,000
Program supplies	50,968	37,684	58,081	5,163					501	152,397	181	1,362	153,940
Mileage/Travel	6,088	4,421	15,471	178	1,215	759	163	886		29,181			29,181
Donations	150	106	127	17						400		250	650
Fundraising expenses													
Administrative costs	131	93	172	13	9,210		1,649			11,268	1,248	413	12,929
Subtotal	\$ 884,377	\$ 623,332	\$ 750,000	\$ 99,538	\$ 150,000	\$ 50,000	\$ 11,000	\$ 62,785	\$ 80,713	\$ 2,711,745	\$ 74,608	\$ 3,069	\$ 2,789,422

No property and equipment was purchased this fiscal year.

Property and equipment

Total	\$ 884,377	\$ 623,332	\$ 750,000	\$ 99,538	\$ 150,000	\$ 50,000	\$ 11,000	\$ 62,785	\$ 80,713	\$ 2,711,745	\$ 74,608	\$ 3,069	\$ 2,789,422
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See independent auditor's report

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2017 and 2016**

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, 2017 and 2016**

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. Management believes that all outstanding grants receivable are collectible in full, therefore, no allowance for uncollectible receivables has been provided.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2017 and 2016**

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, 2017 and 2016**

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, 2017 donated services contributed by the volunteers were 155,444 hours for a value of \$9 per hour, 30 hours for a value of \$300 and 52 hours for a value of \$86. For the fiscal year ended June 30, 2016 donated services contributed by the volunteers were 155,526 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: 2016, 2015 and 2014.

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, 2017 and 2016**

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, 2016, 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

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2017 and 2016**

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, 2017</u>	<u>June 30, 2016</u>
Insurance	\$ 10,462	\$ 13,255
Benefits	20,230	16,843
Rent and utilities	39,722	37,610
Other	295	220
	<u>\$ 70,709</u>	<u>\$ 67,928</u>

5. FAIR VALUE MEASUREMENTS

The Organization has investments, which consists of income funds and artwork as of June 30, 2017 and 2016. 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, 2017</u>	<u>2017 Fair Value</u>	<u>Additions</u>	<u>Deletions</u>	<u>2016 Fair Value</u>
Income funds - Level 1	\$ 21,016	\$ 2,755	\$	\$ 18,261
Artwork investment - Level 2	34,864			34,864
	<u>\$ 55,880</u>	<u>\$ 2,755</u>	<u>\$</u>	<u>\$ 53,125</u>

Income and unrealized gains on investments

Interest and dividends		\$ 1,423
Unrealized gain/(loss) on investments	\$ 2,755	
	<u>\$ 2,755</u>	<u>\$ 1,423</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2017 and 2016**

6. NON-CASH CONTRIBUTIONS

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Goods, supplies, and clothes	<u>\$ 16,365</u>	<u>\$ 45,023</u>

7. PROPERTY AND EQUIPMENT

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>Estimated Useful life</u>
Leasehold improvements	\$ 434,109	\$ 434,109	39.5 years
Furniture, fixtures, and equipment	144,883	138,859	5-7 years
Total	<u>578,992</u>	<u>572,968</u>	
Less: accumulated depreciation	<u>(196,130)</u>	<u>(146,461)</u>	
Net value of property and equipment	<u>\$ 382,862</u>	<u>\$ 426,507</u>	
Depreciation expense for the period	<u>\$ 49,669</u>	<u>\$ 52,030</u>	

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2017 and 2016

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, 2017</u>	<u>June 30, 2016</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	2,455	3,595
	<u>\$ 65,542</u>	<u>\$ 66,682</u>

9. ACCRUED EXPENSES

Accrued expenses consist of the following:

	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
Accrued payroll taxes	\$ 4,665	\$ 5,864
Accrued employee vacation	38,776	29,350
Accrued salaries and wages	55,606	72,688
Total	<u>\$ 99,047</u>	<u>\$ 107,902</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2017 and 2016**

10. GRANT AND CONTRACT PROGRAM EXPENSES

The Organization is primarily funded by the following grants and contracts for the year ended June 30, 2017 and 2016.

<u>Funding Source</u>	<u>Contract #</u>	<u>Contract Period</u>	<u>Contract Amount</u>	<u>2017 Actual Expenditures</u>	<u>2016 Total</u>
Los Angeles County Dept. of Mental Health	MH120907	07/01/2014- 06/30/2017	\$ 869,377	\$ 869,377	\$ 884,377
Los Angeles County Dept. of Mental Health	MH120907 PRRCH	04/02/2013- 06/30/2017	749,999	749,999	750,000
Los Angeles County Dept. of Mental Health	MH120907 PRISM	04/02/2013- 06/30/2017			623,332
Los Angeles County Dept. of Mental Health	MH120907 PEI	07/01/2010- 06/30/2017	99,539	99,539	99,538
Los Angeles County Dept. of Mental Health	MH121125 ICADTP	07/01/2016- 06/30/2017	93,088	93,088	
Office of Statewide Health Planning and Development		07/01/2016- 06/30/2017	296,500	296,500	
Coordinated Entry System 2		07/01/2015- 06/30/2017	9,374	9,374	50,000
Coordinated Entry System 6		07/01/2016- 09/30/2017	67,353	67,353	11,000
Coordinated Entry System 8		07/01/2015- 06/30/2017	62,785	62,785	62,785
Los Angeles County The Mental Health Services Act Housing Trust Fund	MH190084	07/01/2010- 06/30/2017	136,005	136,005	150,000
				<u>2,384,020</u>	<u>2,631,032</u>
	Unreimbursed program expenses			<u>97,621</u>	<u>80,713</u>
	Program service expenses			<u>\$ 2,481,641</u>	<u>\$ 2,711,745</u>

See independent auditor's report

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2017 and 2016**

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 as 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 expires on June 30, 2018. The option to extend has been executed.

Year ending June 30,	Los Angeles	Culver City	Monterey Park	Total
2018	\$ 111,808	\$ 350,047	\$ 34,800	\$ 496,655
2019	116,280	375,379		491,659
2020	120,931	400,711		521,642
2021		242,368		242,368
	<u>\$ 349,019</u>	<u>\$ 1,368,505</u>	<u>\$ 34,800</u>	<u>\$ 1,752,324</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 are no borrowings outstanding at June 30, 2017 and 2,016

12. CONCENTRATIONS OF CREDIT RISK

Cash and investments held with financial institutions as of June 30, 2017 and 2016 are within Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limits.

The Organization's investments are subject to various risks, such as interest rate and overall market volatility risks.

A significant portion, approximately 72 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, 2017 and 2016**

13. 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 2016 and 2017.

14. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 16, 2017, 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, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2017.

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.

Frederick - Samuel + Oberholzer, LLP

Woodland Hills, CA
November 16, 2017

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Schedule of Findings
June 30, 2016

Finding No. 2016-1

Condition/recommendation - The bank reconciliations were not reviewed.

Corrective action - When the bank reconciliations are prepared each month, they must be reviewed and initialed by the Treasurer.

Finding No. 2016-2

Condition/recommendation - The invoices do not include the allocation for the functional expenses.

Corrective action - Each invoice must indicate which program expense it is allocated to.

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Schedule of Findings
June 30, 2016

Finding No. 2015-1

Condition/recommendation - The bank reconciliations were not reviewed.

Corrective action - When the bank reconciliations are prepared each month, they must be reviewed and initialed by the Treasurer.

Finding No. 2015-2

Condition/recommendation - The invoices do not include the allocation for the functional expenses.

Corrective action - Each invoice must indicate which program expense it is allocated to.

Finding No. 2015-3

Condition/recommendation - Books and records were not in proper condition for audit in a timely manner.

Corrective action - Books and records should be prepared and reconciled 120 days from year end.