



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

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

June 30, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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 audits. 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 June 4, 2024, 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, LLP

Woodland Hills, CA

June 4, 2024

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

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,919,976	\$ 743,362
Investments - securities	22,463	21,770
Grants receivable	1,002,182	2,464,430
Other receivable	57,086	253,951
Prepaid expenses	296,341	233,788
Total current assets	3,298,048	3,717,301
Property and equipment, net of accumulated depreciation	214,062	241,839
Lease right-of-use assets, net of amortization	1,666,257	
Investments - artwork	51,206	42,064
Deposits	61,850	75,974
Total assets	\$ 5,291,423	\$ 4,077,178
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 189,882	\$ 336,983
Accrued expenses	361,836	785,384
Current portion of lease liabilities	540,687	
Total current liabilities	1,092,405	1,122,367
Long-term portion of lease liabilities	1,190,282	
Total liabilities	2,282,687	1,122,367
Net Assets		
Without donor restrictions	3,008,736	2,954,811
Total net assets	3,008,736	2,954,811
Total liabilities and net assets	\$ 5,291,423	\$ 4,077,178

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, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Grants	\$ 4,867,498	\$ 50,000	\$ 4,917,498
Contributions - cash	87,880		87,880
Contributions - non cash	9,614		9,614
Program fees	705,623		705,623
Other income	6,014		6,014
Insurance reimbursement	115,524		115,524
Interest and dividends	865		865
Net unrealized gain / (loss) on investments	9,140		9,140
Special events income - net of special events expenses of \$4,093	26,212		26,212
Net assets released from restrictions	50,000	(50,000)	
	<u>5,878,370</u>	<u>(50,000)</u>	<u>5,878,370</u>
Expenses			
Program services			
Mental Health Program	1,908,094		1,908,094
Prevention and Early Intervention (PEI)	110,481		110,481
LAHSA	1,278,345		1,278,345
Other Programs	1,982,211		1,982,211
Unreimbursed Program	244,280		244,280
Total program services	<u>5,523,411</u>		<u>5,523,411</u>
Support services			
Management and general	248,581		248,581
Fundraising	46,153		46,153
Total expenses	<u>5,818,145</u>		<u>5,818,145</u>
Change in net assets	60,225	-	60,225
Net assets, beginning of year	2,954,811		2,954,811
Prior period adjustment	(6,300)		(6,300)
Net assets, end of year	<u>\$ 3,008,736</u>	<u>\$ -</u>	<u>\$ 3,008,736</u>

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)	(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		110,482
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></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></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 Functional Expenses
June 30, 2023**

	Mental Health Program	Prevention and Early Intervention (PEI)	LAHSA	Other Programs	Unreimbursed Program	Total Program Expenses	Management and General	Fundraising	Total Expenses
Accounting	\$	\$	\$	\$	\$	\$	\$ 79,829	\$	\$ 79,829
Administrative costs	2,517	2,150		2,116	500	7,283		691	7,974
Auto, mileage, gas	20,474	126	8,667	31,794		61,061		351	61,412
Client services			302,824	354,813		657,637			657,637
Communications	38,803	1,159	16,915	34,806	5,000	96,683			96,683
Depreciation							41,650		41,650
Donations								1,499	1,499
Insurance	13,017	879	22,326	7,183	10,000	53,405			53,405
Legal fees							32,701		32,701
Postage				13		13			13
Printing				1,679		1,679			1,679
Professional fees	139,657	7,723	5,193	110,232	5,000	267,805		38,367	306,172
Program supplies	40,355	578	71	15,354	5,000	61,358		5,245	66,603
Repairs and maintenance	15,689	858		7,219	1,000	24,766			24,766
Rent/utilities (Occupancy)	413,157	11,524	71,076	240,283	69,757	805,797	25,095		830,892
Salaries and benefits	1,204,431	85,484	851,273	1,176,719	143,023	3,460,930	69,306		3,530,236
Subcontractors	19,994				5,000	24,994			24,994
Subtotal	\$ 1,908,094	\$ 110,481	\$ 1,278,345	\$ 1,982,211	\$ 244,280	\$ 5,523,411	\$ 248,581	\$ 46,153	\$ 5,818,145

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

Property and equipment				20,173		20,173			\$ 20,173
Total	\$ 1,908,094	\$ 110,481	\$ 1,278,345	\$ 2,002,384	\$ 244,280	\$ 5,543,584	\$ 248,581	\$ 46,153	\$ 5,838,318

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 Cash Flows
Year Ended June 30,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 53,925	\$ 1,075,132
Adjustments to reconcile change in net assets to net cash provided by / (used in) operating activities:		
Depreciation	41,650	38,844
Prior period adjustment	6,300	
Unrealized (gain)/ loss on investments	(9,140)	2,686
Net change in right-of-use assets and liabilities	64,712	
Increase / (decrease) in cash resulting from changes in:		
Grants receivable	1,462,248	(1,533,658)
Other receivables	196,865	(153,678)
Prepaid expenses	(62,553)	(128,901)
Accounts payable	(147,101)	223,494
Accrued expenses	(423,548)	641,344
Deposits	14,124	51,755
Net cash provided by / (used in) operating activities:	<u>1,197,482</u>	<u>217,018</u>
Cash flows from investing activities		
Purchase of property and equipment	(20,173)	
Reinvested interest and dividend	(695)	(1,024)
Net cash provided by / (used in) investing activities:	<u>(20,868)</u>	<u>(1,024)</u>
Net increase / (decrease) in cash and equivalents	1,176,614	215,994
Cash, beginning of year	<u>743,362</u>	<u>527,368</u>
Cash, end of year	<u>\$ 1,919,976</u>	<u>\$ 743,362</u>
Supplemental cash flow disclosure:		
Cash paid for interest	<u>\$ 406</u>	<u>\$ 628</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2023 and 2022**

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 many 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 technical assistance to meetings, 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, 2023 and 2022**

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, 2023 and 2022**

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 February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842). Topic 842 introduces a lessee model that brings most leases onto the balance sheet, aligns certain of the underlying principles of the lessor model with those in ASC 606, the FASB's new revenue recognition standard, and addresses other concerns related to the old leasing model from the previous guidance. The Organization adopted the new guidance effective July 1, 2022. As of July 1, 2022 and June 30, 2023, the company had long term operating leases that qualify for the accounting under the new lease standard.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2023 and 2022**

3. SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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, 2023, 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, 2023 and 2022**

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, 2023 and 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, 2023 and 2022**

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, 2023 and 2022, the Organization also received donated services contributed by volunteers. The hours donated by volunteers were 419 and 7,014 hours for the fiscal years ended June 30, 2023 and 2022, 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 tax returns are subject to examination by federal and state taxing authorities, generally for three years after they are filed. The open years are: 2021, 2020 and 2019.

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, 2023 and 2022

3. SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measurement

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

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

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

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

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

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

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

- Investments in securities
- Investments in artwork

Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2023 and 2022

4. PREPAID EXPENSES

Prepaid expenses are comprised of the following:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Insurance	\$ 76,556	\$ 132,739
Benefits	134,165	22,303
Rent and utilities	65,151	64,769
Other	20,469	13,977
	<u>\$ 296,341</u>	<u>\$ 233,788</u>

5. FAIR VALUE MEASUREMENTS

The Organization had investments, which consists of income funds and artwork as of June 30, 2023 and 2022. 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, 2023</u>	<u>June 30, 2023 Fair Value</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022 Fair Value</u>
Income funds - Level 1	\$ 22,463	\$ 713	\$ (20)	\$ 21,770
Artwork investment - Level 2	51,206	9,142		42,064
	<u>\$ 73,669</u>	<u>\$ 9,855</u>	<u>\$ (20)</u>	<u>\$ 63,834</u>
<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>

Income and unrealized gains on investments

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Interest and dividends	\$ 865	\$ 1,031
Unrealized gain / (loss) on investments	9,140	(2,686)
Total	<u>\$ 10,005</u>	<u>\$ (1,655)</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2023 and 2022**

6. NON-CASH CONTRIBUTIONS

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Program and general supplies	<u>\$ 9,614</u>	<u>\$ 13,565</u>

7. PROPERTY AND EQUIPMENT

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

	<u>June 30, 2023</u>	<u>June 30, 2022</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	49,573	29,400	5 years
Total	<u>701,002</u>	<u>680,829</u>	
Less: accumulated depreciation	<u>(486,940)</u>	<u>(438,990)</u>	
Net value of property and equipment	<u>\$ 214,062</u>	<u>\$ 241,839</u>	
 Depreciation expense for the years ended:	 <u>\$ 41,650</u>	 <u>\$ 38,844</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, 2023</u>	<u>June 30, 2022</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
State Fund insurance deposit		14,124
	<u>\$ 61,850</u>	<u>\$ 75,974</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2023 and 2022**

9. ACCRUED EXPENSES

Accrued expenses consist of the following:

	June 30, 2023	June 30, 2022
Accrued payroll taxes	\$ 21,868	\$ 23,782
Accrued employee vacation	59,454	52,994
Accrued salaries and wages	280,115	296,904
Accrued 403(b) plan contribution expenses	399	267,380
Other accrued expenses		144,324
Total	<u>\$ 361,836</u>	<u>\$ 785,384</u>

10. LIQUIDITY

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 normal operating expenses, which are, on average, approximately \$971,000.

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

	June 30, 2023	June 30, 2022
Cash and cash equivalents	\$ 1,919,976	\$ 743,362
Grants receivables	1,002,182	2,464,430
Other receivables	57,086	253,951
	<u>\$ 2,979,244</u>	<u>\$ 3,461,743</u>

11. RETIREMENT PLAN

The Organization implemented a 403(b) plan, which is a defined contribution retirement plan in 2014. The Organization made \$8,958 and \$267,380 in matching contribution in 2023 and 2022, respectively.

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2023 and 2022**

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, 2023	June 30, 2022
Net assets without donor restrictions:		
Undesignated	\$ 3,008,736	\$ 2,954,811
Total net assets without donor restrictions	\$ 3,008,736	\$ 2,954,811

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, 2023 and 2022 the Organization had \$1,224,837 and \$130,954 of uninsured cash balances, respectively.

The Organization's investments held with the financial institutions as of June 30, 2023 and 2022 are within Securities Investor Protection Corporation (SIPC) 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, 2023 and 2022, approximately 40% and 30%, respectively, of the Organization's annual funding were received 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, 2023 and 2022**

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.

Rent expense was as follows for the years ended:

<u>June 30, 2023</u>	<u>June 30, 2022</u>
<u>\$ 830,892</u>	<u>\$ 729,218</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, 2023 and 2022.

15. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Effective July 1, 2022, the Organization adopted the FASB's ASU No. 2016-02, Leases (Topic 842). Under topic 842, long term operating leases were brought onto the balance sheet.

The following table summarizes the Organization's operating lease assets and liabilities as of June 30, 2023:

Right of use asset	<u>\$ 1,666,257</u>
Right of use liability	<u>\$ 1,730,969</u>

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Notes to Financial Statements
June 30, 2023 and 2022**

15. RIGHT OF USE ASSETS AND LEASE LIABILITIES, continued

The following table summarizes the Organization's operating lease related costs for the year ended June 30, 2023:

Operating lease cost	\$ 64,712
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The following table summarizes maturities of operating lease liabilities as of June 30, 2023:

2024	\$ 580,753
2025	413,326
2026	166,936
2027	171,943
2028	177,102
Thereafter	<u>370,302</u>
Undiscounted	1,880,362
Discount	<u>(149,393)</u>
Discounted expected future cash flow	<u><u>1,730,969</u></u>

The following table summarizes information about operating leases as of June 30, 2023:

Remaining lease term (Years)	6.50
Weighted average discount rate	4.00%
Total undiscounted lease liability	\$ 1,880,362

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 4, 2024, 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, 2023**

<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	93.569	4EM2120PHC	\$ 39,538
CSBG CARES	93.569	2EM2120PHC	42,635
CSBG CARES	93.569	2EMG2120HP	24,180
			<u>\$ 106,353</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-EHA-01G	<u>\$ 355,383</u>
U.S. Department of Housing and Urban Development			
* Emergency Solutions Grants Program			
Los Angeles Homeless Services Authority			
Time-Limited Subsidies	14.231	GT-TLS-N-069	<u>\$ 460,890</u>
Total Federal Expenditures			<u><u>\$ 922,626</u></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, 2023**

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, 2023. 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, 2023 and 2022, 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 June 4, 2024.

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.

Report on 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, LLP

Woodland Hills, CA
June 4, 2024

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

Opinion on Each Major Federal Program

We have audited Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's 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, 2023. Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's major federal programs are identified in the summary of the auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, LLP

Woodland Hills, CA
June 4, 2024

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Schedule of Findings and Questioned Costs
June 30, 2023**

Section I - Summary of Auditors' Results

Financial Statements

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
Significant deficiency(ies) identified?	Yes
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)?	No

Identification of Major Programs

<u>Federal Program or Cluster</u>	
Emergency Solutions Grants Program	14.231
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
Schedule of Findings and Questioned Costs
June 30, 2023**

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

2023-1 *Criteria:* Management is responsible for proper classification of grants received to accurately prepare the Schedule of Expenditures of Federal Awards (SEFA).

Condition: Changes to the SEFA were required to properly state federal funds received from pass through grants and spent during the fiscal year ended June 30, 2023.

Cause: Executive management failed to prepare the SEFA accurately for the fiscal year ended June 30, 2023.

Effect: Failure to maintain records of the federal funds flowing from pass through grants could result in incorrect reporting.

Recommendation: We recommend that the Organization inquires from the granting agency about federal funding as an internal control step every time each grant is received to ensure that the SEFA is prepared correctly every fiscal year.

Views of Responsible Officials: Management agrees with the audit findings.

Section IV - Status of Prior Year Findings

None

**Emotional Health Association DBA SHARE!
the Self-Help And Recovery Exchange
Corrective Action Plan
June 30, 2023**

June 4, 2024

Emotional Health Association, dba SHARE! the Self-Help And Recovery Exchange respectfully submits the following correction action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

Frith-Smith & Archibald LLP
6355 Topanga Canyon Blvd, Suite 400
Woodland Hills, CA 91367

Audit period: Year ended June 30, 2023

The findings from the June 30, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings - Financial Statements Audit

SIGNIFICANT DEFICIENCIES

2023-1 Cause: Executive management failed to prepare the SEFA accurately for the fiscal year ended June 30, 2023.

Recommendation: We recommend that the Organization inquires from the granting agency about federal funding as an internal control step every time each grant is received to ensure that the SEFA is prepared correctly every fiscal year.

Action Taken: We concur with the recommendations provided.