Parents Helping Parents

Building Bright Futures for Children with Special Needs

PARENTS HELPING PARENTS, INC.

Financial Statements
and Supplementary Information
June 30, 2018 and 2017

Together with
Independent Auditors' Report
and Single Audit Reports

PARENTS HELPING PARENTS, INC.

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June 30, 2018

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Parents Helping Parents, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Parents Helping Parents, Inc. (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Organization'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 Organization'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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Directors of
Parents Helping Parents, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 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 information 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 October 24, 2018, on our consideration of the Organization'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 the Organization's internal control over financial reporting and compliance.

Robert Lee + Associates, LLP

San Jose, California
October 24, 2018

PARENTS HELPING PARENTS, INC.
Statements of Financial Position

	June 30, 2018	June 30, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 549,408	$ 290,103
Investments	148,857	138,894
Grants and accounts receivable	167,468	128,325
Pledges receivable, net - current	47,648	29,440
In-kind rent receivable, net - current	299,943	298,572
Prepaid expenses	6,915	12,014
Total current assets	1,220,239	897,348
Property and equipment, net	111,958	122,246
Pledges receivable, net - non-current	-	18,671
In-kind rent receivable, net - non-current	510,206	-
Deposits	15,510	15,510
Total assets	$ 1,857,913	$ 1,053,775
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	$ 173,081	$ 153,672
Capital lease obligations - current	4,978	4,978
Total current liabilities	178,059	158,650
Capital lease obligations - non-current	1,481	6,461
Total liabilities	179,540	165,111
Contingency		
Net assets:		
Unrestricted		
Undesignated	489,371	368,699
Designated	28,625	44,282
Total unrestricted net assets	517,996	412,981
Temporarily restricted	1,160,377	475,683
Total net assets	1,678,373	888,664
Total liabilities and net assets	$ 1,857,913	$ 1,053,775

The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grants and contracts	$ 1,472,542	$ -	$ 1,472,542
Contributions and pledges	458,927	225,783	684,710
Program service fees	51,792	-	51,792
Total operating revenue	1,983,261	225,783	2,209,044
Fundraising event revenue, net:			
Fundraising event revenue	176,301	-	176,301
Less costs of direct benefits to donors	(50,699)	-	(50,699)
Total fundraising event revenue, net	125,602	-	125,602
Other income:			
In-kind income	56,093	834,594	890,687
Investment income:			
Interest income	4,808	-	4,808
Realized gain on investments	24	-	24
Unrealized gain on investments	5,333	-	5,333
Total other income	66,258	834,594	900,852
Net assets released from restrictions	375,683	(375,683)	-
Total revenue	2,550,804	684,694	3,235,498
Expenses:			
Operating programs:			
Community and family services	589,963	-	589,963
Education of public and professionals	953,976	-	953,976
Technology center	73,117	-	73,117
E-Learning	66,864	-	66,864
Total program services	1,683,920	-	1,683,920
Supporting services:			
Management and general	213,885	-	213,885
Development	224,967	-	224,967
Total supporting services	438,852	-	438,852
Total expenses before in-kind rent expense	2,122,772	-	2,122,772
Change in net assets before in-kind rent expense	428,032	684,694	1,112,726
In-kind rent expense	323,017	-	323,017
Change in net assets	105,015	684,694	789,709
Net assets, beginning of year	412,981	475,683	888,664
Net assets, end of year	$ 517,996	$ 1,160,377	$ 1,678,373

The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Grants and contracts	$ 1,368,102	$ -	$ 1,368,102
Contributions and pledges	370,375	77,111	447,486
Program service fees	71,723	-	71,723
Total operating revenue	1,810,200	77,111	1,887,311
Fundraising event, net:			
Fundraising event revenue	108,761	-	108,761
Less costs of direct benefits to donors	(31,554)	-	(31,554)
Total fundraising event revenue, net	77,207	-	77,207
Other income:			
In-kind income	14,084	-	14,084
Investment income:			
Interest income	3,011	-	3,011
Realized gain on investments	82	-	82
Unrealized gain on investments	10,706	-	10,706
Total other income	27,883	-	27,883
Net assets released from restrictions	392,200	(392,200)	-
Total revenue	2,307,490	(315,089)	1,992,401
Expenses:			
Operating programs:			
Community and family services	453,678	-	453,678
Education of public and professionals	964,754	-	964,754
Technology center	94,402	-	94,402
Total program services	1,512,834	-	1,512,834
Supporting services:			
Management and general	191,465	-	191,465
Development	183,428	-	183,428
Total supporting services	374,893	-	374,893
Total expenses before in-kind rent expense	1,887,727	-	1,887,727
Change in net assets before in-kind rent expense	419,763	(315,089)	104,674
In-kind rent expense	325,722	-	325,722
Change in net assets	94,041	(315,089)	(221,048)
Net assets, beginning of year	318,940	790,772	1,109,712
Net assets, end of year	$ 412,981	$ 475,683	$ 888,664

The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Operating Programs					Supporting Services			
	Community and Family Services	Education of Public and Professionals	Technology Center	E-Learning	Total Program	Management and General	Development	Total Supporting Services	Total
Personnel costs									
Salaries and wages	$ 343,263	$ 462,160	$ 42,958	$ 23,675	$ 872,056	$ 115,150	$ 135,762	$ 250,912	$ 1,122,968
Payroll taxes and benefits	81,475	96,684	9,069	1,704	188,932	13,193	36,124	49,317	238,249
Total personnel expenses	424,738	558,844	52,027	25,379	1,060,988	128,343	171,886	300,229	1,361,217
Operating costs									
Subcontractors	2,002	285,322	-	-	287,324	-	-	-	287,324
Occupancy	45,243	47,769	8,374	-	101,386	9,801	10,075	19,876	121,262
Professional fees and insurance	27,356	19,590	2,243	36,126	85,315	63,190	17,191	80,381	165,696
Supplies	20,374	15,584	8,272	680	44,910	2,801	2,262	5,063	49,973
Printing and publications	4,033	336	228	-	4,597	42	5,726	5,768	10,365
Specific assistance	35,394	150	-	-	35,544	-	-	-	35,544
Other expenses	5,636	728	402	73	6,839	5,386	8,269	13,655	20,494
Depreciation and amortization	3,312	4,179	608	-	8,099	996	1,142	2,138	10,237
Telephone and communication	1,820	4,003	335	-	6,158	549	629	1,178	7,336
Travel	7,011	5,768	199	396	13,374	170	303	473	13,847
Membership dues	1,988	2,650	212	-	4,850	1,353	1,606	2,959	7,809
Postage and shipping	1,752	1,036	151	-	2,939	239	1,660	1,899	4,838
Equipment expense	5,056	2,509	66	4,191	11,822	-	-	-	11,822
Conferences and trainings	4,248	5,508	-	19	9,775	1,015	4,218	5,233	15,008
Total operating expenses	165,225	395,132	21,090	41,485	622,932	85,542	53,081	138,623	761,555
Total expenses before in-kind rent	589,963	953,976	73,117	66,864	1,683,920	213,885	224,967	438,852	2,122,772
In-kind rent expense	130,489	112,631	21,567	-	264,687	28,459	29,871	58,330	323,017
Total expenses	$ 720,452	$ 1,066,607	$ 94,684	$ 66,864	$ 1,948,607	$ 242,344	$ 254,838	$ 497,182	$ 2,445,789

The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2017

	Operating Programs				Supporting Services			
	Community and Family Services	Education of Public and Professionals	Technology Center	Total Program	Management and General	Development	Total Supporting Services	Total
Personnel costs								
Salaries and wages	$ 274,672	$ 446,042	$ 56,028	$ 776,742	$ 128,741	$ 107,279	$ 236,020	$ 1,012,762
Payroll taxes and benefits	65,077	121,261	9,483	195,821	21,759	28,071	49,830	245,651
Total personnel expenses	339,749	567,303	65,511	972,563	150,500	135,350	285,850	1,258,413
Operating costs								
Subcontractors	2,205	292,702	-	294,907	-	-	-	294,907
Occupancy	33,744	49,149	5,213	88,106	13,657	10,299	23,956	112,062
Professional fees	23,946	23,700	1,672	49,318	9,975	20,706	30,681	79,999
Supplies	6,495	6,956	8,680	22,131	4,189	1,401	5,590	27,721
Printing and publications	6,157	603	841	7,601	49	2,988	3,037	10,638
Specific assistance	24,732	100	-	24,832	-	-	-	24,832
Other expenses	3,491	4,623	6,245	14,359	4,519	6,762	11,281	25,640
Depreciation and amortization	3,020	5,063	507	8,590	1,354	1,327	2,681	11,271
Telephone and communication	1,424	4,074	256	5,754	628	636	1,264	7,018
Travel	1,783	7,411	1,981	11,175	575	271	846	12,021
Membership dues	389	824	16	1,229	2,062	278	2,340	3,569
Postage and shipping	2,499	964	120	3,583	389	2,546	2,935	6,518
Equipment expense	1,019	432	2,793	4,244	1,950	-	1,950	6,194
Conferences and trainings	3,025	850	567	4,442	1,618	864	2,482	6,924
Total operating expenses	113,929	397,451	28,891	540,271	40,965	48,078	89,043	629,314
Total expenses before in-kind rent	453,678	964,754	94,402	1,512,834	191,465	183,428	374,893	1,887,727
In-kind rent expense	98,069	142,843	15,150	256,062	39,728	29,932	69,660	325,722
Total expenses	$ 551,747	$ 1,107,597	$ 109,552	$ 1,768,896	$ 231,193	$ 213,360	$ 444,553	$ 2,213,449

The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.

Statements of Cash Flows

	For the Year Ended June 30, 2018	2017
Cash flows from operating activities:		
Change in net assets	$ 789,709	$ (221,048)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,237	11,271
In-kind rent contribution	(899,279)	-
Present value discount of in-kind rent receivable	64,685	(11,488)
In-kind rent expense	323,017	325,710
Realized and unrealized gains on investments	(5,357)	(10,788)
Loss on disposal of assets	51	-
Changes in operating assets and liabilities:		
Grants and accounts receivable	(39,143)	54,606
Pledges receivable, net	463	18,379
Prepaid expenses	5,099	(2,641)
Donated securities	-	(51,393)
Accounts payable and accrued expenses	19,409	(902)
Net cash provided by operating activities	268,891	111,706
Cash flows from investing activities:		
Proceeds from sale of investments	-	98,164
Net cash used by investing activities	(4,606)	98,164
Cash flows from financing activities:		
Payments on capital lease obligations	(4,980)	(4,814)
Net cash used by financing activities	(4,980)	(4,814)
Increase in cash and cash equivalents	259,305	205,056
Cash and cash equivalents, beginning of year	290,103	85,047
Cash and cash equivalents, end of year	$ 549,408	$ 290,103
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 391	$ 1,501
Supplemental disclosure of non-cash transactions		
In-kind rent received	$ 323,017	$ 325,710
In-kind rent contribution	$ 899,279	$ -

The accompanying notes are an integral part of these financial statements

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2018

Note 1 - Organization and programs:

Description of organization

Parents Helping Parents, Inc. (the "Organization") is a nonprofit public benefit corporation incorporated in March of 1980. The Organization offers emotional support, assistance, training, and information to families that have children with special needs throughout the United States. The fundamental purpose of the Organization is to provide support to allow the family to function independently, handle their own situation, make decisions about their child in a positive, realistic frame of mind, and to help the family return to a normal functioning unit as soon as possible. In 2017-18 Parents Helping Parent, Inc. had the privilege of serving 5,337 families and professionals with 18,354 services. The Organization is supported primarily through contributions, grants and fees.

Operating programs

Community and family services - Relates to expenses of the Organization to provide information and resources to parents having children with special needs and to the professionals who serve them.

Education of public and professionals - Includes expenses incurred by the Organization to provide a wide range of services to help parents better understand, support, and advocate for their children in special education programs.

Assistive technology services - Represents program expenses relating to the Organization's iTECH center, which offers parents and professionals trainings as well as an opportunity to gain hands-on experience with assistive devices and instructional software, before making a decision on which ones best suit their needs.

E-learning - Represents program expenses relating to the Organization's group of educational videos, which offers quick and easy information covering topics like special education basics, requesting an assessment from your school district, Individualized Education Program ("IEP") meeting preparation, and assistive technology. We also have videos on public benefits.

Supporting services

Management and general - Includes direct business management salaries, related expenses and indirect allocations of other expenses identified which include a component of general administration.

Development - Includes expenses relating to the Organization's fundraising efforts to continue to provide the structure necessary to encourage and secure public financial report.

Note 2 - Summary of significant accounting policies:

Basis of accounting - The financial statements have been prepared on the accrual basis of accounting which recognizes revenue and support when earned and expenses when incurred and accordingly reflect all significant receivables, payables and other liabilities.

Basis of presentation - The Organization presents information regarding its financial position and activities according to three classes of net assets:

- *Unrestricted net assets* - the portion of net assets that is neither temporarily nor permanently restricted by donor-imposed stipulations. These net assets are intended for use of management and the Board of Directors for facility maintenance and general operations.

- *Temporarily restricted net assets* - the portion of net assets for which the use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization.

- *Permanently restricted net assets* - the portion of net assets for which the use is limited by donor-imposed stipulations that neither expire by passage of time nor can be removed by actions of the Organization. There were no permanently restricted net assets as of June 30, 2018 and 2017.

Use of estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include the useful lives of property and equipment and the allocation of expenses by function. Actual results could differ from these estimates.

Revenue recognition - Contributed 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 contributed support is recognized as revenue when received or unconditionally promised. The Organization reports gifts of cash and other assets as restricted support if such gifts are received with donor stipulations that limit the use of the donated assets. When such restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Promises to give, that are expected to be collected in future years, are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts, if any, is included in contribution revenue. Conditional promises to give, if any, are not included as support until the conditions are substantially met.

PARENTS HELPING PARENTS, INC.

Notes to Financial Statements

June 30, 2018

Note 2 - Summary of significant accounting policies (continued):

Revenue recognition (continued) - Grant and contract revenues are recognized on a monthly basis as the Organization provides services to federal, state, local and other non-profit organizations. The revenue is recognized by providing the entity's with an invoice detailing services performed.

In-kind contributions - Significant donated equipment, facility and other goods are recorded at estimated fair value at the date of receipt. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their estimated fair market value at the time the services are rendered. In addition, a substantial number of volunteers have contributed significant amounts of time in promoting the Organization's programs. The value of contributed volunteer services has not been recognized in the accompanying financial statements because such volunteer services do not require specialized skills.

Functional expense allocations - The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated, based on estimates of time, space, and other factors, among the classifications.

Cash and cash equivalents - Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and investments so near their maturity that the risk of changes in value due to changes in interest rates is negligible. These are generally investments with maturity dates within three months of their acquisition date.

Investments - All investments are valued in accordance with Generally Accepted Accounting Principles ("GAAP"), including Fair Value Measurements.

The Organization invests primarily in marketable securities. All equity securities are carried at quoted market prices as of the last trading date of the Organization's fiscal year. The Organization's Board of Directors has established an investment policy. Contributions of investments are recorded at estimated fair value at the date of donation. Unrealized gains and losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains and losses resulting from the sales or maturities are the differences between the investment's cost basis and the sale or maturity settlement of the investment. Dividend and interest income are accrued when earned. The Organization may have risk associated with its concentration of investments in one geographic region and in certain industries.

Grants and accounts receivables - Grants receivable consist of amounts that have been invoiced by the Organization to other federal and non-profit organizations that have not been collected at year-end. All grants are expected to be received within the next 12 months. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. There were no conditional grants at June 30, 2018 and 2017.

Note 2 - Summary of significant accounting policies (continued):

Pledges receivable and allowance for doubtful accounts - Pledges receivable consist of receivables relating to annual fundraising campaigns to support the major programs of the Organization. Pledges receivable are carried at pledge amounts less an estimate made for doubtful receivables. The Organization uses the allowance method to determine uncollectible trade receivables. The allowance is based on prior years' experience and management's analysis of specific receivables. The financial statements reflect these receivables net of the allowance reserve. When an account is determined uncollectible, it is deducted from the accounts receivable and charged to expense. The allowance for doubtful accounts as of June 30, 2018 and 2017 was approximately $1,000.

Unconditional promises to give are promises that depend only on the passage of time or the demand by the promisor for performance. A conditional promise to give is a promise that depends on the occurrence of a specified future and uncertain event to bind the promisor. Conditional promises to give are not included as support until the conditions are substantially met. There were no conditional promises to give at June 30, 2018 and 2017.

Prepaid expenses - Prepaid expenses and other assets include payments for lease deposits, contracts and program related activities.

Non-current in-kind receivables - The portion of receivables expected to be collected during a period extending beyond one year is classified as a non-current receivable and is discounted to reflect the current value of the amount to be received. The Organization received an in-kind donation of office rent for the period extending from 2018 to 2021. The estimated fair value of in-kind office rent, which will be realized beyond June 30, 2018 has been classified as a long-term in-kind receivable (see Note 5).

Property and equipment - Property and equipment are stated at cost less accumulated depreciation and amortization. Acquisitions of items in excess of $1,000 are capitalized. Significant donated items are recorded at estimated fair value at the date of receipt. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of land, buildings and equipment are recorded as unrestricted support. Major repairs and replacements, which extend the useful lives of equipment, are capitalized and depreciated over the estimated remaining useful lives of the property. All other maintenance and repairs are expensed as incurred.

Depreciation and amortization - Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to thirty years. Leasehold improvements are amortized using the straight-line method over the lesser of the assets' estimated useful lives or the term of the applicable lease. Property under capital leases is amortized over the lives of the respective leases or the estimated useful lives of the assets, whichever is shorter.

Note 2 - Summary of significant accounting policies (continued):

Federal awards - Federal awards consist of funds received from the federal government for specific education, technology, community and family services projects. Substantially all of the Organization's federal award revenue is derived from cost reimbursement grants, which are billed to the grantor after costs have been incurred. Federal award revenue and unbilled federal awards are recognized to the extent the related costs are incurred.

Federal awards are subject to review and audit by the grantor agencies in accordance with the Single Audit Act and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*s ("Uniform Guidance"). Although such audits could result in expenditure disallowances under terms of the grants, the Organization is not currently under audit from any grantor agency.

Fair value of financial instruments - Financial instruments included in the Organization's Statement of Financial Position as of June 30, 2018 and 2017 include cash and cash equivalents, receivables, investments, accounts payable and accrued expenses, and investments. The carrying amounts of cash and cash equivalents, receivables, accounts payable and accrued expenses approximate their fair values due to their short maturities. The fair values of the Organization's line of credit is based on the borrowing rates currently available to the Organization for debt with similar terms and average maturities and, accordingly, approximate their carrying value. Investments are reflected in the accompanying Statement of Financial Position at their estimated fair values using methodologies described above.

Concentration of credit risk - Financial instruments that potentially subject the Organization to credit risk consist primarily of uninsured cash and cash equivalents, grants and accounts receivables and investments. The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments, and money market funds. These accounts are insured up to $250,000 per depositor by an agency of the federal government. At times, such amounts may exceed Federal Deposit Insurance Corporation ("FDIC") limits.

The credit risk associated with receivables is mitigated by the fact that the receivables are generally related to government grants and contracts that have already been earmarked for the Organization. Additionally, any receivables that are expected to be collected after one year have been discounted and are reflected in the financial statements at their net present value. The Organization's investments have been placed with high quality financial institutions. The Organization monitors these investments and has not experienced significant credit losses. It is the Organization's opinion that it is not exposed to any significant credit risks.

Revenue concentration - During the years ended June 30, 2018 and 2017, the Organization's one major revenue source, was the U.S. Department of Education, which accounted for 27% and 42%, respectively, of the total revenue. The U.S. Department of Education provided three separate grants to the Organization that make up the total concentration, see page 26 for details.

Note 2 - Summary of significant accounting policies (continued):

Receivable concentration - During the year ended June 30, 2018, four donors comprised of approximately 81% of the Organization's total grants and accounts receivable. During the year ended June 30, 2017, one donor comprised of approximately 50% of the Organization's total accounts receivable.

Reclassification - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Accounting for uncertainty in income taxes - The Organization evaluates its uncertain tax positions and will recognize a loss contingency when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonable estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position for all uncertain tax positions in the aggregate could differ from the amount recognized. Management did not identify any uncertain tax positions as of June 30, 2018 and 2017.

The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California. The tax years that remain subject to potential examination for the U.S. federal jurisdiction is June 30, 2015 and forward. The State of California tax jurisdiction is subject to potential examination for fiscal tax years June 30, 2014 and forward.

Recent accounting pronouncements - In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-02 "Leases." The ASU is intended to increase transparency and comparability between organizations recognizing lease assets and liabilities by recognizing lease assets and lease liabilities on the balance sheet and increasing the related disclosures. For non-public entities, the effective date will be effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. Early application is permitted. The Organization has not determined the impact of this pronouncement.

In August 2016, the FASB issued ASU No. 2016-14 "Not-for-Profit Entities: Presentation of Financial Statements for Not-for-Profit Entities." The ASU is intended to improve identified issues about the current financial reporting for Not-for-Profits. This ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application is permitted. The Organization does not expect the adoption of this ASU to have a material impact on the financial statements.

Note 2 - Summary of significant accounting policies (continued):

Recent accounting pronouncements (continued) - In June 2018, the FASB issued ASU No. 2018-08 "Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made." The new standard provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction based on whether a resource provider is receiving value in return for the resources transferred. The ASU provides additional guidance to help determine whether a contribution is conditional and better distinguish a donor-imposed condition from a donor-imposed restriction. The effective date of this amendment is for fiscal years beginning after December 15, 2018. Early application is permitted. The Organization has not determined the impact of this pronouncement.

Subsequent events - Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued and it has been determined that no material subsequent events that require an estimate to be recorded or disclosed as of June 30, 2018.

Note 3 - Investments:

The Organization follows the provisions of the Fair Value Measurements and Disclosure topic of the FASB Accounting Standards Codification. These standards establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. At June 30, 2018 and 2017, the Organization was invested in Level 1 investments and had no investment in Level 2 and Level 3 inputs. The Organization's investments were measured using quoted prices in active markets for identical assets (Level 1). At June 30, 2018 and 2017, the Organization's investments were recorded in Large Blend Mutual Funds.

PARENTS HELPING PARENTS, INC.
Notes to Financial Statements
June 30, 2018

Note 4 - Pledges receivable:

Unconditional promises to give, which are not expected to be collected until after the year contributed, are reflected in the accompanying financial statements as pledges receivable and revenue in the appropriate net asset category. Pledges receivable are recorded at fair value which includes a discount rate of 6% at June 30, 2018.

Pledge receivables consist of the following at June 30:

	2018	2017
Receivables in less than one year	$ 47,648	$ 29,440
Receivables in one to three years	-	20,000
	47,648	49,440
Less: discount to net present value	-	(1,329)
	47,648	48,111
Less: current portion	(47,648)	(29,440)
Non-current portion	$ -	$ 18,671

Note 5 - In-kind rent receivable - use of facility:

On May 31, 2018, the Organization's lease agreement with another charitable organization expired On June 1, 2018 the Organization entered into a new three-year lease with the same charitable organization for the use of an office space to conduct operations for $1 per month. The receivable for the contributed use of the office space reflects the fair value for three-years. The Organization has recognized in-kind contribution revenue and an in-kind receivable for the present value of the promise with the annual maturity recognized as rent expense. The receivable was recorded after discounting the future cash flows using a discount rate of 4%. The total facility rent expense was $323,017 and $325,722 for the years ended June 30, 2018 and 2017, respectively. The lease agreement ends in 2021 and the remaining rent receivable is collected through 2021 as follows.

Year Ending June 30,		Amount
2019	$	299,943
2020		299,943
2021		274,948
Total in-kind receivable		874,834
Less: discount for present value of future rent receivable		(64,685)
In-kind receivable, net		810,149
Less: current portion, net		(299,943)
Non-current portion, net	$	510,206

Note 6 - Property and equipment, net:

Property and equipment, including equipment under capital leases, consist of the following at June 30:

		2018		2017
Leasehold improvements	$	156,817	$	156,817
Equipment		65,949		78,495
Furniture and fixturesixtures		700		700
Total property and equipment		223,466		236,012
Less: accumulated depreciation and amortization		(111,508)		(113,766)
Property and equipment, net	$	111,958	$	122,246

Depreciation and amortization expense was $10,237 and $11,271 for the years ended June 30, 2018 and 2017, respectively.

Note 7 - Capital lease obligations:

In September 2014, the Organization entered into a capital lease agreement for equipment with a cost of $24,300 and related accumulated depreciation of $17,841. The lease, expiring in 2020, requires aggregate monthly payments of $440 and bears 3.4 % interest per annum.

At June 30, 2018, the present values of future minimum payments under the agreements were as follows:

Year Ending June 30,		Amount
2019	$	5,285
2020		1,321
Total payment		6,606
Less amounts representing interest		(147)
Present value of minimum lease payments		6,459
Less portion due within one year		(4,978)
Portion due after one year	$	1,481

Note 8 - Temporarily restricted net assets:

Temporarily restricted net assets are part of the net assets of the Organization resulting from contributions and other inflows of assets whose use is restricted by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. The temporarily restricted net assets activities for the year ended June 30, 2018 were as follows:

	June 30, 2017	Additions	Releases	June 30, 2018
In-kind rent receivable	$ 298,572	835,144	(298,572)	$ 835,144
Future year donor pledges	77,111	225,783	(77,111)	225,783
Volunteer support	100,000	-	-	100,000
Total	$ 475,683	1,060,927	(375,683)	$ 1,160,927

The temporarily restricted net assets activities for the year ended June 30, 2017 were as follows:

	June 30, 2016	Additions	Releases	June 30, 2017
In-kind rent receivable	$ 624,282	-	(325,710)	$ 298,572
Future year donor pledges	66,490	77,111	(66,490)	77,111
Volunteer support	100,000	-	-	100,000
Total	$ 790,772	77,111	(392,200)	$ 475,683

Reclassification of net assets - The Organization performed a detailed analysis of their new lease agreement for the use of an office space beginning on June 1, 2018. As a result of this analysis, the Organization noted that the in-kind revenue on the expired lease agreement was originally recorded as unrestricted revenues for the year ended 2008. Therefore, a reclassification was made to increase temporarily restricted net assets by approximately $299,000 for the year ended June 30, 2017. There was no effect on the temporarily restricted net assets as of June 30, 2018 as the Organization properly recorded the in-kind rent on the new lease agreement as temporarily restricted revenues.

Note 9 - Contingency:

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms it has accommodated the objectives of the organization to the provisions of the grants. The Organization's management is not aware of any non-compliance with grant terms of all grants.

Note 10 - Retirement plan:

The Organization participates in a defined contribution plan (the "Plan") under Section 401(k) of the Internal Revenue Code. The Plan is for the benefit of all eligible employees of the Organization who qualify under the participation requirements. The Plan also allows for an employer matching contribution. No employer contributions were made during the years ended June 30, 2018 and 2017.

Note 11 - Related-party transactions:

The members of the Board of Directors of the Organization are active in oversight of fundraising events, activities, and in making private contributions. Contributions received from the Board of Directors or from companies with which the Board of Directors are affiliated, were approximately $18,500 and $17,700 for the years ended June 30, 2018 and 2017.

SUPPLEMENTARY INFORMATION

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
Parents Helping Parents, Inc.

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 Parents Helping Parents, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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. 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.

999 W. Taylor Street, Suite A San Jose, CA 95126 www.rlallp.com Office: 408.855.6770 Fax: 408.855.6774

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 (CONTINUED)*

To the Board of Directors of
Parents Helping Parents, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

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.

Robert Lee + Associates, LLP

San Jose, California
October 24, 2018

Robert Lee & Associates, LLP

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Parents Helping Parents, Inc.

Report on Compliance for Each Major Federal Program

We have audited Parents Helping Parents, Inc.'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 the Organization's major federal programs for the year ended June 30, 2018. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

999 W. Taylor Street, Suite A San Jose, CA 95126 www.rlallp.com Office: 408.855.6770 Fax: 408.855.6774

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

To the Board of Directors of
Parents Helping Parents, Inc.

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2018.

Report on Internal Control over Compliance

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

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

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

To the Board of Directors of
Parents Helping Parents, Inc.

Report on Internal Control over Compliance (Continued)

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.

Robert Lee + Associates, LLP

San Jose, California
October 24, 2018

PARENTS HELPING PARENTS, INC.
Single Audit Reports
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA number	Grant identifying number	Federal Program Expenditures	Passed through to subrecipients
EXPENDITURES OF FEDERAL AWARDS:				
U.S. Department of Education:				
Special Education - Parent Training and Information Center *	84.328M	H328M150030	$ 518,129	$ 285,322
Total Parent Training and Information Center			518,129	285,322
Early Intervention Services (IDEA)				
Passed-through Programs from California Department of Developmental Services:				
Special Education - Grant for Infants and Families	84.181	H18A140037	113,238	-
Total Early Intervention Services			113,238	-
Special Education (IDEA) Cluster:				
Passed through the California Department of Education:				
Special Education - Grants to States	84.027A	H027A150116	202,745	-
Total Special Education Cluster			202,745	-
Total U.S. Department of Education			**834,112**	**285,322**
Total Expenditures of Federal Awards			**$ 834,112**	**$ 285,322**

* Denotes a major program

PARENTS HELPING PARENTS, INC.

Single Audit Reports
Notes to the Schedule of Expenditures and Federal Awards
Year Ended June 30, 2018

Note 1 - Organization and operations:

Description of Organization

Parents Helping Parents, Inc. (the "Organization") is a nonprofit public benefit corporation incorporated in March of 1980. The Organization offers emotional support, training, and information to families that have children with special needs children throughout the United States. The fundamental purpose of the Organization is to provide support to allow the family to function independently, handling their own situation, making decisions about their child in a positive, realistic frame of mind, and to help the family return to a normal functioning unit as soon as possible. The Organization is supported primarily through contributions, grants and fees.

The Organization has received a determination letter from the Internal Revenue Service that it is exempt from federal taxation under Section 501(c) (3) of the U.S. Internal Revenue Code. The Organization is exempt from California franchise taxes under Revenue and Taxation Code Section 23701(d).

Note 2 - Summary of significant accounting policies:

Basis of accounting - Expenditures in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, OMB Circular A-122 *Cost Principles for Non-Profit Organizations*, or 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. The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

The information in the accompanying Schedule of Expenditures of Federal Awards ("SEFA") includes the federal grant and loan activity of the Organization under programs of the federal government for the year ending June 30, 2018. The information in the SEFA 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). Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the financial statements.

PARENTS HELPING PARENTS, INC.

Single Audit Reports
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Parents Helping Parents, Inc.

2. No significant deficiencies relating to the audit of the financial statements are reported in the basic financial statements.

3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs are reported in the financial statements.

5. The auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion.

6. Audit findings relative to the major federal award programs for the Organization is reported in Part C of this Schedule below.

7. The programs tested as major programs include:

Major Program	CFDA		Expenditures
Special Education - Parent Training and Information Center	84.328M	$	513,129
Total Major Program Expenditures			513,129
Total Federal Award Expenditures		$	829,404
Percent of Total Federal Award Expenditures			62%

8. The threshold for distinguishing Types A and B programs was $750,000.

9. The Organization was determined to be a low risk auditee.

PARENTS HELPING PARENTS, INC.

Single Audit Reports
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Current Year Findings

No financial statements audit findings noted in the current year.

Prior Year Findings

No financial statements audit findings noted in the prior year.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

Current Year Findings

There are no current year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Prior Year Findings

There are no prior year findings that were considered material instances of noncompliance in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*