

**SHARE**

Audited Financial Statements,  
Supplementary Information and Reports  
on Compliance and Internal Control

December 31, 2016 and 2015

**SHARE**

Audited Financial Statements,  
Supplementary Information and  
Reports on Compliance and Internal Control

December 31, 2016 and 2015

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## Independent Auditor's Report

Board of Directors  
Share  
Vancouver, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Share (a nonprofit organization) (the "Organization") which comprise the statements of financial position as of December 31, 2016 and 2015 and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Share as of December 31, 2016 and 2015 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.

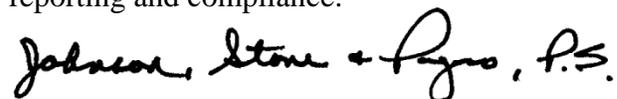
**Other Matters**

***Other Information***

Our audits were 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*, 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 June 1, 2017 on our consideration of Share'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 Share's internal control over financial reporting and compliance.



**JOHNSON, STONE & PAGANO, P.S.**

June 1, 2017

AUDITED FINANCIAL STATEMENTS

## SHARE

### STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 1,072,428	\$ 825,969
Contract payments receivable	507,509	631,810
Contributions receivable	29,000	33,793
Prepaid expenses and other assets	66,036	17,115
Beneficial interest in assets held by the Community Foundation for Southwest Washington	945,959	881,240
Property and equipment, net	<u>6,294,379</u>	<u>6,423,253</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 8,915,311</u></b>	<b><u>\$ 8,813,180</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 25,160	\$ 74,836
Accrued payroll and related expenses	251,857	192,441
Deferred revenue	315,178	306,702
Funds held on behalf of others	<u>344,206</u>	<u>291,903</u>
<b>Total Liabilities</b>	936,401	865,882
<b>NET ASSETS</b>		
Unrestricted		
Available for programs and general operations	710,540	528,270
Designated by Board	146,705	342,592
Net investment in property and equipment and replacement reserves	<u>6,949,148</u>	<u>6,825,972</u>
	7,806,393	7,696,834
Temporarily restricted	127,461	211,756
Permanently restricted	<u>45,056</u>	<u>38,708</u>
<b>Total Net Assets</b>	<b><u>7,978,910</u></b>	<b><u>7,947,298</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 8,915,311</u></b>	<b><u>\$ 8,813,180</u></b>

The accompanying notes are an integral part of these financial statements.

**SHARE**

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2016 and 2015

	2016			2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>OPERATING REVENUES, GAINS AND OTHER SUPPORT</b>								
<b>OPERATING REVENUES</b>								
Government grants and contracts	\$ 5,132,435			\$ 5,132,435	\$ 4,631,102			\$ 4,631,102
Private grants and contributions	676,783	\$ 26,085	\$ 6,348	709,216	490,448	\$ 133,614		624,062
In-kind contributions	920,923			920,923	1,084,562			1,084,562
Special events, net of direct expenses (2016 - \$265,415; 2015 - \$341,023)	174,707			174,707	34,516			34,516
Interest income	602			602	2,921			2,921
Rental income	138,277			138,277	113,883			113,883
Other revenue	12,910			12,910	4,960			4,960
<b>Total Operating Revenues</b>	<b>7,056,637</b>	<b>26,085</b>	<b>6,348</b>	<b>7,089,070</b>	<b>6,362,392</b>	<b>133,614</b>		<b>6,496,006</b>
<b>GAINS AND OTHER SUPPORT</b>								
Net assets released from restrictions - operating	119,808	(119,808)			27,378	(27,378)		
<b>Total Operating Revenues, Gains and Other Support</b>	<b>7,176,445</b>	<b>(93,723)</b>	<b>6,348</b>	<b>7,089,070</b>	<b>6,389,770</b>	<b>106,236</b>		<b>6,496,006</b>
<b>EXPENSES</b>								
Program services								
Shelters	1,236,187			1,236,187	1,108,487			1,108,487
Hunger response	996,901			996,901	1,154,103			1,154,103
Street outreach	871,918			871,918	331,926			331,926
Transitional and permanent housing	3,076,288			3,076,288	3,047,078			3,047,078
	6,181,294			6,181,294	5,641,594			5,641,594
Supporting services								
Management and general	659,892			659,892	549,591			549,591
Fundraising	280,990			280,990	258,378			258,378
	940,882			940,882	807,969			807,969
<b>Total Expenses</b>	<b>7,122,176</b>			<b>7,122,176</b>	<b>6,449,563</b>			<b>6,449,563</b>
<b>INCREASE (DECREASE) IN NET ASSETS BEFORE NONOPERATING ACTIVITIES</b>								
	54,269	(93,723)	6,348	(33,106)	(59,793)	106,236		46,443
<b>NONOPERATING ACTIVITIES</b>								
Net change in beneficial interest in assets held by the Community Foundation for Southwest Washington	55,290	9,428		64,718	(2,693)	(1,683)		(4,376)
<b>Total Nonoperating Revenues (Losses)</b>	<b>55,290</b>	<b>9,428</b>		<b>64,718</b>	<b>(2,693)</b>	<b>(1,683)</b>		<b>(4,376)</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>								
	109,559	(84,295)	6,348	31,612	(62,486)	104,553		42,067
<b>Net Assets at Beginning of the Year</b>	<b>7,696,834</b>	<b>211,756</b>	<b>38,708</b>	<b>7,947,298</b>	<b>7,759,320</b>	<b>107,203</b>	<b>\$ 38,708</b>	<b>7,905,231</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 7,806,393</b>	<b>\$ 127,461</b>	<b>\$ 45,056</b>	<b>\$ 7,978,910</b>	<b>\$ 7,696,834</b>	<b>\$ 211,756</b>	<b>\$ 38,708</b>	<b>\$ 7,947,298</b>

The accompanying notes are an integral part of these financial statements.

**SHARE**

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2016 with Comparative Totals for 2015

	Program Services				Total	Supporting Services			2016 Total Expenses	2015 Total Expenses
	Shelters	Hunger Response	Street Outreach	Transitional and Permanent Housing		Management and General	Fundraising	Total		
Salaries and related expenses	\$ 727,274	\$ 121,302	\$ 601,641	\$ 528,588	\$ 1,978,805	\$ 488,172	\$ 141,027	\$ 629,199	\$ 2,608,004	\$ 2,048,332
Client assistance	5,947	30	192,557	2,435,870	2,634,404		322	322	2,634,726	2,478,875
Food and supplies	96,747	762,261	16,412	9,401	884,821	15,770	32,565	48,335	933,156	1,045,802
Rent	187,096	1,344	22,000		210,440	260		260	210,700	172,372
Advertising	3,644	491	3,180	1,729	9,044	880	5,759	6,639	15,683	35,517
Utilities	84,935	11,764	5,254	20,232	122,185	31,553	(197)	31,356	153,541	150,524
Professional fees	1,788		12,275	2,097	16,160	43,047	64,462	107,509	123,669	104,728
Repairs and maintenance	53,426	1,958	346	6,943	62,673	6,878	100	6,978	69,651	70,904
Taxes and licenses	1,911	810	170	1,951	4,842	5,762	4,958	10,720	15,562	17,838
Mileage and travel expenses	3,177	7,927	6,949	8,145	26,198	5,912	1,430	7,342	33,540	29,365
Insurance	4,902	2,758	1,224	5,448	14,332	25,137	55	25,192	39,524	44,366
Bank fees						10,179	225	10,404	10,404	14,257
Postage	98	40	152	2,607	2,897	415	2,545	2,960	5,857	4,883
Printing	687	45	299	3,185	4,216	734	4,440	5,174	9,390	8,200
Other	2,552	4,206	565	13,390	20,713	2,569	15,324	17,893	38,606	11,493
<b>Total Expenses before Depreciation and Allocations</b>	<b>1,174,184</b>	<b>914,936</b>	<b>863,024</b>	<b>3,039,586</b>	<b>5,991,730</b>	<b>637,268</b>	<b>273,015</b>	<b>910,283</b>	<b>6,902,013</b>	<b>6,237,456</b>
Loss on disposal of fixed assets				381	381				381	
Depreciation	32,684	14,356	2,607	23,025	72,672	147,110		147,110	219,782	212,107
Allocations of volunteer support	29,319	67,609	6,287	13,296	116,511	(124,486)	7,975	(116,511)		
<b>TOTAL EXPENSES</b>	<b>\$ 1,236,187</b>	<b>\$ 996,901</b>	<b>\$ 871,918</b>	<b>\$ 3,076,288</b>	<b>\$ 6,181,294</b>	<b>\$ 659,892</b>	<b>\$ 280,990</b>	<b>\$ 940,882</b>	<b>\$ 7,122,176</b>	<b>\$ 6,449,563</b>

The accompanying notes are an integral part of these financial statements.

**SHARE**

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended December 31, 2015

	Program Services				Supporting Services			2015 Total Expenses	
	Shelters	Hunger Response	Street Outreach	Transitional and Permanent Housing	Total	Management and General	Fundraising		Total
Salaries and related expenses	\$ 639,982	\$ 97,176	\$ 187,175	\$ 567,316	\$ 1,491,649	\$ 420,836	\$ 135,847	\$ 556,683	\$ 2,048,332
Client assistance	2,991	190	111,874	2,363,527	2,478,582	383	(90)	293	2,478,875
Food and supplies	96,233	914,191	10,014	10,426	1,030,864	9,788	5,150	14,938	1,045,802
Rent	168,922	1,345	2,000		172,267		105	105	172,372
Advertising	245	503	228	735	1,711	918	32,888	33,806	35,517
Utilities	83,681	16,400	3,866	20,790	124,737	25,439	348	25,787	150,524
Professional fees	1,419	1,306	5,578	2,259	10,562	38,586	55,580	94,166	104,728
Repairs and maintenance	45,865	13,297	2,157	3,822	65,141	5,691	72	5,763	70,904
Taxes and licenses	6,444	313	146	1,999	8,902	4,149	4,787	8,936	17,838
Mileage and travel expenses	1,346	7,346	3,704	9,690	22,086	5,732	1,547	7,279	29,365
Insurance	5,725	3,667	1,050	7,634	18,076	26,153	137	26,290	44,366
Bank fees						10,326	3,931	14,257	14,257
Postage	85	6		2,871	2,962	354	1,567	1,921	4,883
Printing	976	366	200	2,585	4,127	1,224	2,849	4,073	8,200
Other	609	1,200	205	3,585	5,599	1,007	4,887	5,894	11,493
<b>Total Expenses before Depreciation and Allocations</b>	<b>1,054,523</b>	<b>1,057,306</b>	<b>328,197</b>	<b>2,997,239</b>	<b>5,437,265</b>	<b>550,586</b>	<b>249,605</b>	<b>800,191</b>	<b>6,237,456</b>
Depreciation	27,369	29,120	3,284	37,135	96,908	113,181	2,018	115,199	212,107
Allocations of volunteer support	26,595	67,677	445	12,704	107,421	(114,176)	6,755	(107,421)	
<b>TOTAL EXPENSES</b>	<b>\$ 1,108,487</b>	<b>\$ 1,154,103</b>	<b>\$ 331,926</b>	<b>\$ 3,047,078</b>	<b>\$ 5,641,594</b>	<b>\$ 549,591</b>	<b>\$ 258,378</b>	<b>\$ 807,969</b>	<b>\$ 6,449,563</b>

The accompanying notes are an integral part of these financial statements.

**SHARE****STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from governmental agencies, contributors and others	\$ 7,486,779	\$ 6,827,585
Cash paid to employees, suppliers and others	(7,154,295)	(6,504,156)
Interest received	602	2,921
Interest paid	<u>(12)</u>	<u>(70)</u>
<b>Net Cash Provided by Operating Activities</b>	333,074	326,280
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(91,289)	(122,651)
Transfers to the Community Foundation for Southwest Washington	<u>(1,674)</u>	<u>981</u>
<b>Net Cash Used by Investing Activities</b>	(92,963)	(121,670)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions permanently restricted by donor	<u>6,348</u>	<u>          </u>
<b>Net Cash Provided by Financing Activities</b>	<u>6,348</u>	<u>          </u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	246,459	204,610
Cash and cash equivalents at beginning of year	<u>825,969</u>	<u>621,359</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,072,428</u>	<u>\$ 825,969</u>

The accompanying notes are an integral part of these financial statements.

**SHARE**

## STATEMENTS OF CASH FLOWS (Continued)

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>RECONCILIATION OF NET INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 31,612	\$ 42,067
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	219,782	212,107
Loss on disposal of equipment	381	
Restricted contributions	(6,348)	
Net change in beneficial interest in assets held by the Community Foundation for Southwest Washington	(63,045)	4,376
(Increase) decrease in assets		
Contract payments receivable	124,301	(29,730)
Contributions receivable	4,793	42,865
Prepaid expenses and other assets	(48,921)	3,134
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	(49,676)	38,329
Accrued payroll and related expenses	59,416	7,289
Deferred revenue	8,476	(20,638)
Funds held on behalf of others	<u>52,303</u>	<u>26,481</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 333,074</u>	<u>\$ 326,280</u>

The accompanying notes are an integral part of these financial statements.

## **SHARE**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2016 and 2015

#### **NOTE 1 - ORGANIZATION**

Share (the "Organization") was formed in 1983 as a nonprofit organization in the state of Washington by a group of caring people coming together with the common goal of caring for the homeless and hungry in the Vancouver area. The mission of Share is to lead the hungry and homeless to self-sufficiency by providing food, shelter, housing, education and compassion through the strength of its community. Share envisions a community without hunger, where all people have safe and adequate housing and the skills to enhance their quality of life. Share provides temporary, emergency, transitional and permanent housing as well as food, clothing, street outreach, case management and counseling to men, women and children. During the years ended December 31, 2016 and 2015, the Organization incurred program service expenses in the following major categories:

##### ***Shelters***

Share provides temporary, emergency housing at three shelters. Share Orchards and Share Homestead shelter homeless families and are operated by the Organization but owned by the Vancouver Housing Authority. The Share House for single men is both owned and operated by Share.

##### ***Hunger Response***

Share provides daily meals for the homeless and low-income members of the community. The program serves more than 90,000 meals each year. Much of the food used in the program is donated through food drives or by area grocery stores and is prepared each day by volunteers and staff.

What going hungry means for a child - research indicates that even mild under-nutrition experienced by young children during critical periods of growth impacts their behavior, school performance and overall cognitive development.

Share's Backpack Program provides weekend food packs to children at 90 schools in eight school districts every week that school is in session. While increased from the original 75 food packs per week to 1,850 food packs per week, the program is still meeting less than the need in local area school districts. Share provides recipes and nutritional information in the food packs. Share has added fresh food pantries, some stationary at schools and some mobile, for a total of 10 fresh food pantries in 2016.

Share's Summer Lunch Program partners with Vancouver Parks & Recreation, Vancouver and Evergreen School Districts as well as several church groups and low income apartments to provide meals during a time that children do not receive breakfast or lunch at school. In 2016, Share provided nearly 25,000 meals to children and their families for this program.

## **SHARE**

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

#### **NOTE 1 - ORGANIZATION (Continued)**

##### ***Street Outreach***

Street Outreach was established in 1996, the result of a taskforce formed by community leaders to find solutions to the issues of transiency in downtown Vancouver. The program provides street outreach to more than 800 hard-to-reach and hard-to-serve homeless individuals each year. Services such as access to showers, laundry facilities, clothing, mail and transportation are made available on a walk-in basis. In addition, case managers meet with clients on a one-to-one basis to assist them in accessing existing social services, stable housing situations or to assist with whatever needs they may have. Many of these services were provided out of the newly established Day Center. Work is focused on the area of addressing issues pertaining to mental illness and alcohol and chemical dependencies. Share added a permanent housing first component to this program, providing housing to chronically homeless individuals. In 2016, Street Outreach housed twenty-two chronically homeless individuals and has been providing them with on-going support, including rental subsidies.

##### ***Rapid Re-housing, Prevention, Transitional and Permanent Housing***

Share Achieving Self-sufficiency Personal Improvement and Resource Education ("ASPIRE") provides supported housing through case management to families and single adults on their way to stability and self-sufficiency. ASPIRE is a coordinated system for providing case management, housing and connection to supportive services in the community for homeless families and individuals. Currently, the ASPIRE program serves 125 households each month. The program served 628 people in 2016.

Share also has received funding for Individual Development Accounts ("IDAs") for eligible people in our community. The IDAs are savings accounts for a future asset such as a down payment on a home, to start a business or to pursue higher education. Share also records a liability for amounts held on behalf of participants in this program. There were 74 savers in 2016.

Share purchased four homes to provide group living environments for single individuals. Share provides case management to these homes (two serving single women, one serving single men and one serving single Veteran men). Share also owns a duplex of two 3 bedroom homes for families which are rented at less than half of fair value.

In the fall of 2011, Share began a Housing and Essential Needs Program for individuals found by the State to be temporarily unable to work due to a mental health or physical health issues. This program was originally an entitlement program offered by the Department of Health and Social Services. In November of 2011, it was reallocated to nonprofit organizations and counties across the State as a non-entitlement program that could pay rent, utilities and provide essential needs such as hygiene products, toilet paper and other such needs. This program served 370 clients per month in 2016.

## **SHARE**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2016 and 2015

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis of Presentation***

Share is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets based on the existence or absence of donor-imposed restrictions.

##### ***Revenue Recognition and Contributions***

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor or contractor restrictions or law.

Contributions received are recorded as unrestricted, temporarily or permanently restricted support, depending on the existence or nature of any donor restrictions and are recorded in the period made. All unconditional contributions received are available for unrestricted use unless specifically restricted by the donor. Unconditional promises in the next year are recorded at their net realizable value. Unconditional promises in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization reports contributions of property and equipment as unrestricted support. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as unrestricted revenue provided the long-lived assets are placed in service in the same reporting period; otherwise, the contributions would be reported as an increase in temporarily restricted net assets until the assets are acquired and placed in service.

##### ***In-Kind Contributions***

Share receives contributions of food, clothing, supplies, materials, rent, advertising and professional services. These contributions represent a significant portion of the Organization's operations, and are reflected as in-kind contributions with offsetting expenses at their estimated fair values (see Note 10).

## **SHARE**

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***In-Kind Contributions (Continued)***

In-kind contributions of equipment are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of the Organization's activities. No amounts have been recorded in the accompanying financial statements for such in-kind contributions.

In addition, the Organization regularly receives contributed services from a large number of volunteers who assist in program activities and other supporting efforts. The value of such services has not been recognized in the accompanying financial statements as it does not meet the criteria for such recognition. Significant services received which create or enhance a non-financial asset or require specialized skills that the Organization would have purchased if not donated are recognized in the statements of activities.

##### ***Cash and Cash Equivalents***

The Organization considers cash to be cash on hand, in checking accounts and savings accounts. Cash equivalents represent short-term, highly liquid investments with original maturities of three months or less.

##### ***Contract Payments and Grants Receivable***

Contract payments and grants receivable are recorded when the Organization incurs allowable expenses that are reimbursable under the provisions of the corresponding grant or other activity. The Organization believes accounts and grants receivable are fully collectible; therefore, no allowance for uncollectible amounts has been established.

##### ***Beneficial Interest in Assets Held by the Community Foundation for Southwest Washington***

The Organization records its interest in these funds at fair value which approximates the present value of the expected future cash flows that will inure to the Organization.

##### ***Property and Equipment***

Property and equipment are recorded at cost or fair value on the date of the gift. Depreciation is computed using straight-line and accelerated methods over the estimated useful life of the assets ranging from 5 to 39 years. Maintenance and repairs are charged to current operations as incurred and major improvements and replacements of property and equipment are capitalized.

##### ***Accounting for Long-Lived Assets***

The Organization periodically reviews the recorded value of its long-lived assets. Such assets are generally evaluated for impairment based on estimated fair value of long-lived assets. In the event that the carrying value of long-lived assets exceeds estimated fair value, the assets would be written down to fair value. No adjustments due to impairment of long-lived assets were recorded by the Organization at December 31, 2016 or 2015, as management of the Organization is of the opinion that fair value is substantially in excess of carrying value.

## **SHARE**

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Deferred Revenue***

Deferred revenue represents amounts received on contracts or grants that will be earned in a future period.

##### ***Net Assets Designated by Board***

Prior to January 1, 2007, the Board of Directors of the Organization designated a portion of its unrestricted net assets for future major capital purchases deemed necessary to expand or improve its program activities and created an operating reserve. During the year ended December 31, 2008, the Organization purchased two such pieces of property. The majority of the funding for these purchases was obtained from two government agencies; the remaining funding was obtained from investments related to the designated unrestricted net assets that had been set aside for such purposes. The Board of Directors determined the purchase of this property in 2008 as well as a portion of the upgrades to the Andresen property in 2013 met the criteria of the prior unrestricted net asset designation and therefore removed the related designations. The remaining board designation for an operating reserve is \$146,705 and \$342,592 at December 31, 2016 and 2015, respectively.

##### ***Income Taxes***

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Organization's federal information returns for the years previous to December 31, 2013 are closed to examination.

##### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### ***Outstanding Legacies***

The Organization is the beneficiary under various will and trust agreements, the total realizable amounts of which are not presently determinable. The Organization's share of such bequests is recorded when the probate courts declare the testamentary instrument valid and the proceeds measurable. Distributions from revocable trusts are recorded as revenue in the period the distribution is received.

##### ***Advertising and Marketing Expenses***

Advertising and marketing costs are charged to expense as they are incurred. Advertising expenses for the years ended December 31, 2016 and 2015 totaled \$15,683 and \$35,517, respectively (including donated advertising expenses valued at \$4,568 and \$25,919, respectively).

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### *Functional Expenses*

Functional expenses are allocated between program and supporting services based on management's estimates and studies of the costs attributable to the various programs or support services.

##### *Reclassifications*

Certain amounts reported in prior years have been reclassified to conform to the presentation at December 31, 2016.

##### *Subsequent Events*

Management evaluated for subsequent events and transactions for potential recognition and disclosure through June 1, 2017, the date the financial statements were available to be issued.

#### NOTE 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at financial institutions. Accounts at each of the financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") with basic coverage up to \$250,000. At December 31, 2016, Share's cash balances exceeded the insured amounts by \$129,605.

The Organization receives a majority of its revenues from various federal, state and local government agencies, and is subject to certain risks of the legislative process in securing continued funding for the Organization's programs. A significant reduction in the level of this funding could adversely affect the Organization's ability to provide programs and services.

#### NOTE 4 - CONTRACT AND CONTRIBUTIONS RECEIVABLE

Contract payments receivable consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Clark County Department of Community Services	\$ 153,872	\$ 231,008
Vancouver Housing Authority	36,729	16,190
U.S. Department of Housing and Urban Development	66,418	58,477
WA State Department of Commerce	23,520	11,690
City of Vancouver	156,732	216,354
Various other	<u>70,238</u>	<u>98,091</u>
	<u>\$ 507,509</u>	<u>\$ 631,810</u>

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

#### NOTE 4 - CONTRACT AND CONTRIBUTIONS RECEIVABLE (Continued)

Contributions receivable as of December 31, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 29,000	\$ 34,500
Less discount	<u>          </u>	<u>(707)</u>
	<u>\$ 29,000</u>	<u>\$ 33,793</u>

#### NOTE 5 - BENEFICIAL INTEREST

Beneficial interest in assets consists of a pooled investment account managed by the Community Foundation for Southwest Washington ("CFSW"). The pooled investment account consists of common stocks and other equity securities, fixed income securities, mutual funds, publicly traded partnerships and limited liability companies. The Organization is allocated a prorata portion of interest, dividends, realized and unrealized gains and losses and service fees on a quarterly basis.

The funds were established through a transfer of assets to CFSW in return for the contractual promise of a perpetual stream of future distributions back to Share, based on CFSW's spending rate and related policies (described below). Although CFSW accepted the transferred assets subject to its own variance power, the Organization has retained a future economic beneficial interest in the transferred assets, having named itself as the beneficiary of the transferred fund and related future investment return. As of December 31, 2016, management believes that future distributions from CFSW are capable of fulfillment and consistent with CFSW's mission.

Under the terms of its agreement with CFSW, the funds are invested at the discretion of CFSW and are held in a mixture of asset classes designed to maximize return while minimizing risk. The Organization receives semi-annual distributions of investment return from its endowment fund totaling 5% of the fund's value based on a three-year rolling average. The Organization can request distributions in writing from the operating reserve fund at any time.

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

#### NOTE 5 - BENEFICIAL INTEREST (Continued)

The balances in these investment funds are as follows as of December 31:

	<u>2016</u>	<u>2015</u>
Operating reserve fund	\$ 213,705	\$ 415,940
Endowment fund	77,486	62,582
Replacement reserve fund	<u>654,768</u>	<u>402,718</u>
	<u>\$ 945,959</u>	<u>\$ 881,240</u>

The changes in the Organization's beneficial interest in the funds above for the years ended December 31, 2016 and 2015 are summarized as follows:

	<u>2016</u>	<u>2015</u>
Balance at January 1	\$ 881,240	\$ 886,597
Increase (decrease) in the fair value of the funds	64,718	(4,376)
Additions to the funds	220,685	8,108
Grant	(211,824)	
Fees	<u>(8,860)</u>	<u>(9,089)</u>
Balance at December 31	<u>\$ 945,959</u>	<u>\$ 881,240</u>

#### NOTE 6 - ENDOWMENTS

The Organization has designated unrestricted net assets to recognize capital and endowment investments which function as endowments. Net assets associated with endowment funds, including funds designated by the Organization to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted funds are classified as permanently restricted net assets and are subject to the Washington State Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

The composition of endowment net assets by type of fund at December 31, 2016 and 2015 is as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowments at December 31, 2016	\$ <u>32,430</u>	\$ <u>45,056</u>	\$ <u>77,486</u>
Endowments at December 31, 2015	\$ <u>23,874</u>	\$ <u>38,708</u>	\$ <u>62,582</u>

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

#### NOTE 6 - ENDOWMENTS (Continued)

Changes in endowment net assets for the year ended December 31, 2016 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at January 1, 2016	\$ 23,874	\$ 38,708	\$ 62,582
Contributions		6,348	6,348
Net change in beneficial interest in assets held by Community Foundation for Southwest Washington	9,428		9,428
Appropriation of endowment assets for expenditure	<u>(872)</u>	_____	<u>(872)</u>
Endowment Net Assets at December 31, 2016	\$ <u>32,430</u>	\$ <u>45,056</u>	\$ <u>77,486</u>

Changes in endowment net assets for the year ended December 31, 2015 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at January 1, 2015	\$ 29,013	\$ 38,708	\$ 67,721
Net change in beneficial interest in assets held by Community Foundation for Southwest Washington	(1,683)		(1,683)
Appropriation of endowment assets for expenditure	<u>(3,456)</u>	_____	<u>(3,456)</u>
Endowment Net Assets at December 31, 2015	\$ <u>23,874</u>	\$ <u>38,708</u>	\$ <u>62,582</u>

#### *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the Board, donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are to be reported as a reduction in unrestricted net assets with subsequent restorations reported as an increase until such deficiencies are eliminated. There were no deficient amounts to report in 2016 or 2015.

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

#### NOTE 6 - ENDOWMENTS (Continued)

##### *Return Objectives and Risk Parameters*

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets that are board-designated funds. Under this policy, as approved by the Organization, the endowment assets are invested in a manner that is intended to produce results that equal or exceed the long-term certificate of deposit interest rate while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

##### *Strategies Employed for Achieving Objective*

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization has invested its endowments with a community foundation meeting its overall investment objectives.

##### *Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Organization provides funding to its various programs supported by its endowment funds. The permanently restricted net assets are held such that the corpus is maintained per the donor restrictions; there is no requirement to increase the corpus through earnings. All earnings are available for expenditure when earned and are transferred to its unrestricted net assets in the year earned.

#### NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Land	\$ 1,288,332	\$ 1,288,332
Building and improvements	6,130,259	6,130,271
Equipment	<u>494,020</u>	<u>428,048</u>
	7,912,611	7,846,651
Less accumulated depreciation	<u>1,618,232</u>	<u>1,423,398</u>
	<u>\$ 6,294,379</u>	<u>\$ 6,423,253</u>

Depreciation expense was \$219,782 and \$212,107 for the years ended December 31, 2016 and 2015, respectively.

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

#### NOTE 8 - UNRESTRICTED NET ASSETS SUBJECT TO REQUIREMENTS

Over its history, Share has received significant financing in the form of grants from government agencies to assist in underwriting the acquisition, development and renovation of its program facilities. If the properties are sold, transferred, refinanced or changed as to use, the grants generally become immediately payable. As of December 31, 2016, Share has complied with all asset restrictions referred to above and also has the intention and ability to continue to comply with those restrictions. Accordingly, no liability has been recorded in the accompanying financial statements.

As of December 31, 2016 and 2015, Share has received grants from the following agencies with continuing compliance requirements:

State of Washington, Department of Community, Trade and Economic Development 1 (until 2018)	\$ 1,382,500
Washington State Housing Assistance Program and HOME Investment Partnership Program 2 (until 2049)	763,410
Clark County HOME and Community Development Block Grant 3 (until 2038)	198,450
Clark County Community Development Block Grant 4 (until 2031)	438,250
City of Vancouver Community Development Block Grant 5 (until 2031)	225,000
City of Vancouver Community Development Block Grant 6 (until 2020)	<u>95,000</u>
	<u>\$ 3,102,610</u>

#### NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Restricted for various programs	\$ 95,030	\$ 187,881
Unrestricted purpose in a future period	<u>32,431</u>	<u>23,875</u>
	<u>\$ 127,461</u>	<u>\$ 211,756</u>

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

#### NOTE 10 - IN-KIND CONTRIBUTIONS OF FOOD SUPPLIES

The Organization receives substantially all food supplies from the Surplus Food Commodities, local area grocers and public donations. In addition, the Organization is qualified to purchase food from the Oregon Food Bank at a reduced rate. The fair value of donated items and discounts has been estimated and recorded in the statements of activities. The fair value of such items was approximately \$580,000 and \$740,000 for 2016 and 2015, respectively. The continued availability of these food supply resources is essential to the Organization's program services.

#### NOTE 11 - LEASE AGREEMENTS

During 2013, the Organization entered into a lease agreement with Council for the Homeless to lease a portion of the Andresen building. The term is February 1, 2013 through December 31, 2017 with rent of \$1,000 per month for the first year, increasing each year by 3%. The Council for the Homeless is also required to reimburse the Organization \$50,000 for its share of the build out at \$12,500 per year. Rental income and reimbursement over the life of the agreement is expected to be as follows:

2017	\$ <u>26,006</u>
------	------------------

The Organization also receives rents from various tenants under month-to-month agreements. Total rental income under all agreements for the years ended December 31, 2016 and 2015 was \$138,277 and \$113,883, respectively.

The Organization also entered into a lease agreement with CDM Long-Term Care Services ("CDM"). The lease term is from January 1, 2013 to December 31, 2018. The Organization received the full payment of \$300,000 during 2013 which is the total lease payment for six years. The agreement includes an option for the lessee to purchase the property at the end of six years. Per the agreement, CDM is entitled to a refund of all lease payments if CDM fails to receive approval of the short plat application necessary to build on the property; as such, the Organization recorded the lease payments as deferred revenue at December 31, 2016.

The Organization has entered into various operating lease agreements for its shelters and administrative facilities. Certain lease agreements provide the Organization with donated rent. The leases extend for various periods up to six years.

The Organization has recorded the actual lease payments and fair value of donated rent in rent expense with value of the donated rent recorded as a contribution. Contributions were \$168,900 for 2016 and 2015. Cash paid for leases was approximately \$41,778 and \$3,450 for 2016 and 2015, respectively.

## **SHARE**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2016 and 2015

#### **NOTE 12 - RETIREMENT PLAN**

The Organization makes available to its regular employees a Simple IRA (the "Plan") and will match eligible employee contributions to the Plan up to 3% of gross salary. Employees are eligible to participate in the Plan after one year of employment with annual earnings of at least \$5,000. Contributions made by the Organization to the Plan were approximately \$35,744 and \$32,950 for the years ended December 31, 2016 and 2015, respectively.

**SUPPLEMENTARY INFORMATION**

**SHARE****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended December 31, 2016

	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>Department of Housing and Urban Development</b>		
Community Development Block Grants / Entitlement Grants		
Passed through Clark County		
ASPIRE	14.218	\$ 12,198
Passed through the City of Vancouver		
ASPIRE	14.218	49,986
Outreach	14.218	99,205
IDA	14.218	<u>2,000</u>
		163,389
Supportive Housing Program		
Direct Award		
Story Street	14.235	84,537
Home Investment Partnerships Programs		
Passed through Clark County		
HOME	14.239	17,109
Passed through City of Vancouver		
HOME	14.239	<u>337,079</u>
		354,188
Emergency Solutions Grant Programs		
Direct Award		
ASPIRE	14.231	422,788
Continuum of Care Program		
Direct Awards		
B2H Match	14.267	32,164
Outreach	14.267	60,876
Step Forward	14.267	<u>189,909</u>
		<u>282,949</u>
<b>Total Department of Housing and Urban Development</b>		1,307,851

**SHARE**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended December 31, 2016

	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>Department of Health and Human Services</b>		
Direct award		
Assets for Independence	93.602	\$ 88,365
Passed through Clark County		
Health Assister	93.569	<u>65,000</u>
<b>Total Department of Health and Human Services</b>		153,365
<b>Department of Agriculture</b>		
Direct award		
Child Nutrition	10.558	<u>101,829</u>
		<u>\$ 1,563,045</u>

## **SHARE**

### **NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended December 31, 2016

#### **NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Share under programs of the federal government for the year ended December 31, 2016. 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 Share, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Share.

#### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- 1) 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.
- 2) Share has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

REPORTS ON COMPLIANCE AND  
INTERNAL CONTROL



1501 Regents Blvd., Suite 100  
Fircrest, WA 98466-6060

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Board of Directors  
Share  
Vancouver, Washington

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 Share (a nonprofit organization) (the "Organization") which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, 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 June 1, 2017.

***Internal Control over Financial Reporting***

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

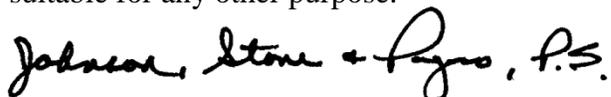
Board of Directors  
Share

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Share'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.



**JOHNSON, STONE & PAGANO, P.S.**

June 1, 2017



1501 Regents Blvd., Suite 100  
Fircrest, WA 98466-6060

Independent Auditor's Report on Compliance for  
Each Major Program and on Internal Control over  
Compliance Required by the Uniform Guidance

Board of Directors  
Share  
Vancouver, Washington

**Report on Compliance for Each Major Federal Program**

We have audited Share's (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Share's major federal programs for the year ended December 31, 2016. Share's major federal programs are identified in the summary of auditor's 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Share'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* ("CFR") 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 Share'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 Share's compliance.

Board of Directors  
Share

***Opinion on Each Major Federal Program***

In our opinion, Share 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 December 31, 2016.

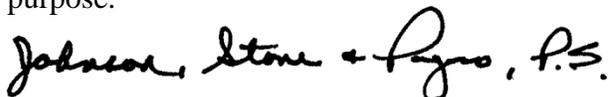
**Report on Internal Control over Compliance**

Management of Share 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 Share'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 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 Share's internal control over compliance.

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

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

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



**JOHNSON, STONE & PAGANO, P.S.**

June 1, 2017

## SHARE

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND PRIOR YEAR AUDIT FINDINGS

Year Ended December 31, 2016

#### Section I - Summary of Auditor's Results

##### Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

##### Federal Awards

Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified that are not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major 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: 14.239 Home Investment Partnerships Programs	
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	Yes

**SHARE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS AND  
PRIOR YEAR AUDIT FINDINGS (Continued)**

Year Ended December 31, 2016

**Section II - Financial Statement Findings**

No matters were noted.

**Section III - Federal Award Findings and Questioned Costs**

No matters were noted.

**Section IV - Prior Federal Award Audit Findings**

No matters were noted.