

**SHARE**

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

December 31, 2018 and 2017

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

December 31, 2018 and 2017

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

## 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, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our 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, 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.

***Effect of Adopting New Accounting Standard***

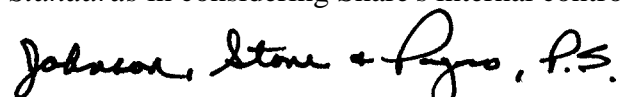
As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-14, *Not-for-profit Entities - Presentation of Financial Statements of Not-for-profit Entities*, as of and for the years ended December 31, 2018 and 2017. Our opinion is not modified with respect to this matter.

***Other Matter***

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 for the year ended December 31, 2018, 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 July 10, 2019 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.

July 10, 2019

AUDITED FINANCIAL STATEMENTS

**SHARE****STATEMENTS OF FINANCIAL POSITION**

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 1,028,124	\$ 1,431,371
Contract payments receivable	1,452,859	633,667
Contributions receivable	15,350	16,810
Prepaid expenses and other assets	64,887	50,130
Beneficial interest in assets held by the Community Foundation for Southwest Washington	1,181,110	1,056,071
Property and equipment, net	<u>6,417,653</u>	<u>6,084,691</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 10,159,983</u></b>	<b><u>\$ 9,272,740</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 341,370	\$ 73,826
Accrued payroll and related expenses	327,589	240,165
Deferred revenue	18,397	11,210
Funds held on behalf of others	<u>364,474</u>	<u>389,615</u>
<b>Total Liabilities</b>	1,051,830	714,816
<b>NET ASSETS</b>		
Without donor restrictions		
Available for programs and general operations	7,746,598	7,322,182
Designated by the Board of Directors	<u>818,778</u>	<u>873,710</u>
	8,565,376	8,195,892
With donor restrictions	<u>542,777</u>	<u>362,032</u>
<b>Total Net Assets</b>	<b><u>9,108,153</u></b>	<b><u>8,557,924</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 10,159,983</u></b>	<b><u>\$ 9,272,740</u></b>

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

**SHARE**

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2018 and 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES, GAINS AND OTHER SUPPORT</b>						
<b>OPERATING REVENUES</b>						
Government grants and contracts	\$ 7,051,786		\$ 7,051,786	\$ 5,057,694		\$ 5,057,694
Private grants and contributions	657,612	\$ 373,946	1,031,558	695,532	\$ 176,779	872,311
In-kind contributions	900,882		900,882	932,845		932,845
Special events, net of direct expenses (2018 - \$292,347; 2017 - \$311,310)	175,462	11,500	186,962	153,664	43,500	197,164
Interest income	2,311		2,311	2,071		2,071
Rental income	169,232		169,232	156,741		156,741
Other revenue	117,198		117,198	314,858		314,858
<b>Total Operating Revenues</b>	<b>9,074,483</b>	<b>385,446</b>	<b>9,459,929</b>	<b>7,313,405</b>	<b>220,279</b>	<b>7,533,684</b>
<b>GAINS AND OTHER SUPPORT</b>						
Net assets released from restrictions - operating	186,277	(186,277)		35,967	(35,967)	
<b>Total Operating Revenues, Gains and Other Support</b>	<b>9,260,760</b>	<b>199,169</b>	<b>9,459,929</b>	<b>7,349,372</b>	<b>184,312</b>	<b>7,533,684</b>
<b>EXPENSES</b>						
Program services						
Shelters	1,909,142		1,909,142	1,544,336		1,544,336
Hunger Response	1,048,886		1,048,886	1,017,953		1,017,953
Supportive Services	949,720		949,720	1,064,990		1,064,990
Transitional and Permanent Housing	3,556,073		3,556,073	2,453,983		2,453,983
	7,463,821		7,463,821	6,081,262		6,081,262
Supporting services						
Management and general	1,020,510		1,020,510	674,597		674,597
Fundraising	349,283		349,283	282,873		282,873
	1,369,793		1,369,793	957,470		957,470
<b>Total Expenses</b>	<b>8,833,614</b>		<b>8,833,614</b>	<b>7,038,732</b>		<b>7,038,732</b>
<b>INCREASE IN NET ASSETS BEFORE NONOPERATING ACTIVITIES</b>						
	427,146	199,169	626,315	310,640	184,312	494,952
<b>NONOPERATING ACTIVITIES</b>						
Net change in beneficial interest in assets held by the Community Foundation for Southwest Washington	(57,662)	(18,424)	(76,086)	78,859	5,203	84,062
<b>INCREASE IN NET ASSETS</b>	<b>369,484</b>	<b>180,745</b>	<b>550,229</b>	<b>389,499</b>	<b>189,515</b>	<b>579,014</b>
<b>Net Assets at Beginning of the Year</b>	<b>8,195,892</b>	<b>362,032</b>	<b>8,557,924</b>	<b>7,806,393</b>	<b>172,517</b>	<b>7,978,910</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 8,565,376</b>	<b>\$ 542,777</b>	<b>\$ 9,108,153</b>	<b>\$ 8,195,892</b>	<b>\$ 362,032</b>	<b>\$ 8,557,924</b>

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

**SHARE**

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018 with Comparative Totals for 2017

	Program Services				Supporting Services			2018 Total Expenses	2017 Total Expenses	
	Shelters	Hunger Response	Supportive Services	Transitional and Permanent Housing	Total	Management and General	Fundraising			Total
Salaries and related expenses	\$ 1,266,412	\$ 144,908	\$ 589,611	\$ 866,087	\$ 2,867,018	\$ 687,862	\$ 201,219	\$ 889,081	\$ 3,756,099	\$ 2,980,633
Client assistance	13,462	945	235,266	2,557,515	2,807,188	3,059	9,957	13,016	2,820,204	2,028,927
Food and supplies	150,301	729,514	32,325	17,948	930,088	55,150	20,208	75,358	1,005,446	943,779
Rent	199,029	1,432	29,045		229,506	744		744	230,250	221,364
Advertising	3,397	4,878	1,916	2,062	12,253	971	19,332	20,303	32,556	26,221
Utilities	87,594	15,106	10,003	22,767	135,470	35,361	553	35,914	171,384	159,557
Professional fees	2,788	538	3,617	5,776	12,719	72,692	47,455	120,147	132,866	126,977
Repairs and maintenance	62,962	26,874	8,592	19,883	118,311	132,586	144	132,730	251,041	167,826
Taxes and licenses	1,846	195	131	2,355	4,527	14,670	7,427	22,097	26,624	23,903
Mileage and travel expenses	6,997	13,852	12,756	11,755	45,360	6,491	1,895	8,386	53,746	49,574
Insurance	7,579	5,978	2,812	5,107	21,476	33,387	83	33,470	54,946	44,388
Bank fees						99	19,451	19,550	19,550	929
Postage	312		293	1,859	2,464	885	2,233	3,118	5,582	5,096
Printing	1,380		42	1,703	3,125	869	7,732	8,601	11,726	8,917
Other	353	7,672	3,610	1,249	12,884	11,570	2,106	13,676	26,560	25,262
<b>Total Expenses Before Depreciation and Allocations</b>	<b>1,804,412</b>	<b>951,892</b>	<b>930,019</b>	<b>3,516,066</b>	<b>7,202,389</b>	<b>1,056,396</b>	<b>339,795</b>	<b>1,396,191</b>	<b>8,598,580</b>	<b>6,813,353</b>
Depreciation	39,689	19,122	4,846	25,253	88,910	146,124		146,124	235,034	225,379
Allocations of volunteer support	65,041	77,872	14,855	14,754	172,522	(182,010)	9,488	(172,522)		
<b>TOTAL EXPENSES</b>	<b>\$ 1,909,142</b>	<b>\$ 1,048,886</b>	<b>\$ 949,720</b>	<b>\$ 3,556,073</b>	<b>\$ 7,463,821</b>	<b>\$ 1,020,510</b>	<b>\$ 349,283</b>	<b>\$ 1,369,793</b>	<b>\$ 8,833,614</b>	<b>\$ 7,038,732</b>

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



**SHARE**

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended December 31, 2017

	Program Services				Supporting Services			2017 Total Expenses	
	Shelters	Hunger Response	Supportive Services	Transitional and Permanent Housing	Total	Management and General	Fundraising		Total
Salaries and related expenses	\$ 928,174	\$ 117,911	\$ 724,740	\$ 552,629	\$ 2,323,454	\$ 500,114	\$ 157,065	\$ 657,179	\$ 2,980,633
Client assistance	5,222	472	234,771	1,780,448	2,020,913	859	7,155	8,014	2,028,927
Food and supplies	124,184	755,318	20,856	24,048	924,406	15,427	3,946	19,373	943,779
Rent	190,022	891	30,191		221,104	260		260	221,364
Advertising	3,501	35	2,689	2,079	8,304	248	17,669	17,917	26,221
Utilities	88,135	12,734	4,823	19,880	125,572	33,985		33,985	159,557
Professional fees	3,164	58	9,704	8,944	21,870	44,354	60,753	105,107	126,977
Repairs and maintenance	107,412	29,799	1,453	11,877	150,541	17,285		17,285	167,826
Taxes and licenses	2,270	376	525	4,431	7,602	9,134	7,167	16,301	23,903
Mileage and travel expenses	7,849	9,651	12,377	12,851	42,728	5,506	1,340	6,846	49,574
Insurance	5,019	3,646	2,796	5,147	16,608	27,713	67	27,780	44,388
Bank fees	9	9			18	267	644	911	929
Postage	108		118	1,823	2,049	63	2,984	3,047	5,096
Printing	1,195			38	1,233	135	7,549	7,684	8,917
Other	1,570	8,350	297	120	10,337		14,925	14,925	25,262
<b>Total Expenses Before Depreciation and Allocations</b>	<b>1,467,834</b>	<b>939,250</b>	<b>1,045,340</b>	<b>2,424,315</b>	<b>5,876,739</b>	<b>655,350</b>	<b>281,264</b>	<b>936,614</b>	<b>6,813,353</b>
Depreciation	36,673	14,590	3,692	23,184	78,139	147,240		147,240	225,379
Allocations of volunteer support	39,829	64,113	15,958	6,484	126,384	(127,993)	1,609	(126,384)	
<b>TOTAL EXPENSES</b>	<b>\$ 1,544,336</b>	<b>\$ 1,017,953</b>	<b>\$ 1,064,990</b>	<b>\$ 2,453,983</b>	<b>\$ 6,081,262</b>	<b>\$ 674,597</b>	<b>\$ 282,873</b>	<b>\$ 957,470</b>	<b>\$ 7,038,732</b>

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

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

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from governmental agencies, contributors and others	\$ 8,729,043	\$ 7,399,987
Cash paid to employees, suppliers and others	(8,575,800)	(7,035,703)
Interest received	2,311	2,071
Interest paid	<u>(56)</u>	<u>(97)</u>
<b>Net Cash Provided by Operating Activities</b>	155,498	366,258
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(567,996)	(15,691)
Transfers to the Community Foundation for Southwest Washington	<u>(190,749)</u>	<u>(16,624)</u>
<b>Net Cash Used by Investing Activities</b>	(758,745)	(32,315)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions permanently restricted by donor	<u>200,000</u>	<u>25,000</u>
<b>Net Cash Provided by Financing Activities</b>	<u>200,000</u>	<u>25,000</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(403,247)	358,943
Cash and cash equivalents at beginning of year	<u>1,431,371</u>	<u>1,072,428</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,028,124</u>	<u>\$ 1,431,371</u>

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

**SHARE**

## STATEMENTS OF CASH FLOWS (Continued)

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>RECONCILIATION OF NET INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 550,229	\$ 579,014
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	235,034	225,379
Contributions with donor restrictions	(200,000)	(25,000)
Net change in beneficial interest in assets held by the Community Foundation for Southwest Washington	65,710	(93,488)
(Increase) decrease in assets		
Contract payments receivable	(819,192)	(126,158)
Contributions receivable	1,460	12,190
Prepaid expenses and other assets	(14,757)	15,906
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	267,544	48,666
Accrued payroll and related expenses	87,424	(11,692)
Deferred revenue	7,187	(303,968)
Funds held on behalf of others	(25,141)	45,409
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 155,498</u>	<u>\$ 366,258</u>

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

## **SHARE**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

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

Share (the "Organization") was formed in 1979, and then in 1983 became 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, 2018 and 2017, the Organization incurred program service expenses in the following major categories:

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

Share provides temporary, emergency housing at three shelters. Share Orchards Inn 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. Share also operates an overnight shelter at St. Luke's Episcopal Church called Women Housing and Transition ("WHAT") and provides staffing support to two winter overflow shelters in partnership with the Council for the Homeless and local churches.

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

Share provides daily meals for the homeless and low-income members of the community. The program served nearly 50,000 meals in 2018. 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.

Research indicates that a child that is even mildly under-nourished 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 91 schools in nine school districts every week that school is in session. While increased from the original 75 food packs per week to over 1,400 food packs per week, plus 45 to 50 hotel bags for clients living without a kitchen, the program is still meeting less than the need in local area school districts. However, in partnership with two school districts, Share is supplying 25 school food pantries and a mobile food pantry to reduce the number of food packs and focus on increasing fresh food options. Share provides recipes and nutritional information in the food packs.

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 will not receive breakfast or lunch at school. In 2018, Share provided nearly 23,000 meals to children and their families for this program.

## **SHARE**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

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

##### ***Supportive Services***

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 services to more than 800 hard-to-reach and hard-to-serve homeless individuals each year. In 2017, the Street Outreach team doubled from 2 to 4 staff and added a needle exchange program. At the Day Center, 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. Work is focused on the area of addressing issues pertaining to mental illness and alcohol and chemical dependencies, housing and employment.

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 50 savers in 2018, of which, 19 individuals used their accounts to purchase an asset.

##### ***Housing***

Share has a permanent housing first component to this program, providing housing to chronically homeless individuals. In 2018, Supportive Services housed twenty-two chronically homeless individuals and has been providing them with on-going support, including rental subsidies. Thirty of the most vulnerable people in the community who are most likely to die on the streets are supported by Share's Supportive Services at Lincoln Place.

Share's 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 100 households each month. The program served 460 people in 2018.

Share purchased three homes to provide group living environments for single individuals. Share provides case management to these homes (one serving single women, one serving single men and one serving single Veteran men). An additional home provides housing for a family. 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 292 clients per month in 2018.

## **SHARE**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

#### **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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions based on the existence or absence of donor-imposed restrictions.

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

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor or contractor restrictions or law.

Contributions received are recorded as unrestricted or 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 net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization reports contributions of property and equipment as support without donor restrictions. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as revenue without donor restrictions provided the long-lived assets are placed in service in the same reporting period; otherwise, the contributions would be reported as an increase in net assets with donor restrictions 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 12).

## **SHARE**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

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

##### ***Fair Value Measurements***

The Organization applies authoritative guidance related to fair value measurements that defines fair value, provides a framework to measure the fair value of assets and liabilities and requires certain disclosures about those measurements. The guidance establishes a hierarchy to prioritize the inputs that underlie a fair value measurement and requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs essentially distinguish the relative reliability of inputs, to fair value measurements. Level 1 inputs are more reliable and objective than Level 2 inputs, which are in turn more reliable and objective than Level 3 inputs. In arriving at a fair value measure, the Organization is required to determine the level in the fair value hierarchy within which a fair value measurement ultimately falls and provide disclosure of such determinations.

## **SHARE**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

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

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

Property and equipment in excess of \$5,000 with useful lives of more than one year are capitalized and 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, 2018 or 2017, as management of the Organization is of the opinion that fair value is substantially in excess of carrying value.

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

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

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

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

##### ***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, 2018 and 2017 totaled \$32,556 and \$26,221, respectively (including donated advertising expenses valued at \$11,298 and \$8,527, respectively).



## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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

##### *Functional Allocation of Expenses*

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### *Reclassifications*

Certain amounts reported in prior years have been reclassified to conform to the presentation at December 31, 2018.

##### *Change in Accounting Principle*

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-profit Entities*. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources and consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly.

##### *Subsequent Events*

Management evaluated for subsequent events and transactions for potential recognition and disclosure through July 10, 2019, the date the financial statements were available to be issued.

#### NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following at December 31:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 1,028,124	\$ 1,431,371
Contract payments receivable	1,452,859	633,667
Contributions receivable	<u>15,350</u>	<u>16,810</u>
Total Financial Assets	2,496,333	2,081,848
Cash held on behalf of others	<u>(364,474)</u>	<u>(389,615)</u>
Financial assets available to meet cash needs for General expenditures within one year	\$ <u>2,131,859</u>	\$ <u>1,692,233</u>

Although we do not intend to spend from the board-designated net assets, these amounts could be made available if necessary.

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in money market funds and savings accounts.

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

#### NOTE 4 - 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, 2018, Share's cash balances exceeded the insured amounts by \$204,250.

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 5 - CONTRACT AND CONTRIBUTIONS RECEIVABLE

Contract payments receivable consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Clark County Department of Community Services	\$ 447,493	\$ 124,609
Vancouver Housing Authority	15,653	17,059
U.S. Department of Housing and Urban Development	117,230	112,677
WA State Department of Commerce	195,040	26,687
City of Vancouver	422,539	204,921
Various other	<u>254,904</u>	<u>147,714</u>
	<u>\$ 1,452,859</u>	<u>\$ 633,667</u>

Contributions receivable as of December 31, 2018 and 2017 consist of unconditional promises expected to be collected in less than one year of \$15,350 and \$16,810, respectively.

#### NOTE 6 - 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.

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

#### NOTE 6 - BENEFICIAL INTEREST (Continued)

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, 2018, 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.

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

	<u>2018</u>	<u>2017</u>
Operating reserve fund	\$ 231,198	\$ 242,522
Endowment fund	280,360	100,389
Replacement reserve fund	<u>669,552</u>	<u>713,160</u>
	<u>\$ 1,181,110</u>	<u>\$ 1,056,071</u>

The fair value of the beneficial interest in assets held by the CFSW is based on the fair value of fund investments as reported by CFSW. They are considered to be Level 3 measurements.

Fair values of investments measured on a recurring basis through application of applicable authoritative literature, at December 31, 2018 and 2017, are as follows:

	<u>Fair Value</u>	<u>Fair Value Measurements</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Fair Value Measurements at December 31, 2018				
Beneficial interest in Assets held by the Community Foundation for Southwest Washington	\$ <u>1,181,110</u>	\$ _____	\$ _____	\$ <u>1,181,110</u>
Fair Value Measurements at December 31, 2017				
Beneficial interest in Assets held by the Community Foundation for Southwest Washington	\$ <u>1,056,071</u>	\$ _____	\$ _____	\$ <u>1,056,071</u>

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

#### NOTE 6 - BENEFICIAL INTEREST (Continued)

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2018 and 2017 are summarized as follows:

	<u>2018</u>	<u>2017</u>
Balance at January 1	\$ 1,056,071	\$ 945,959
Increase (decrease) in the fair value of the funds	(65,710)	93,488
Additions to the funds	203,856	27,993
Grant	(2,731)	(1,943)
Fees	<u>(10,376)</u>	<u>(9,426)</u>
Balance at December 31	\$ <u>1,181,110</u>	\$ <u>1,056,071</u>

#### NOTE 7 - ENDOWMENTS

The Organization has designated net assets without donor restrictions 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 net assets with donor restrictions and are subject to the Washington State Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

The composition of endowment net assets with donor restrictions by type of fund at December 31, 2018 and 2017 is as follows:

	<u>Restricted for Time or Purpose</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowments at December 31, 2018	\$ <u>10,304</u>	\$ <u>270,056</u>	\$ <u>280,360</u>
Endowments at December 31, 2017	\$ <u>30,333</u>	\$ <u>70,056</u>	\$ <u>100,389</u>

**SHARE**

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

**NOTE 7 - ENDOWMENTS** (Continued)

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at January 1, 2018	\$ 30,333	\$ 70,056	\$ 100,389
Contributions		200,000	200,000
Net change in beneficial interest in assets held by Community Foundation for Southwest Washington	(18,423)		(18,423)
Administrative fees	<u>(1,604)</u>	_____	<u>(1,604)</u>
Endowment Net Assets at December 31, 2018	\$ <u>10,304</u>	\$ <u>270,056</u>	\$ <u>280,360</u>

Changes in endowment net assets for the year ended December 31, 2017 are as follows:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at January 1, 2017	\$ 26,082	\$ 45,056	\$ 71,138
Contributions		25,000	25,000
Net change in beneficial interest in assets held by the Community Foundation for Southwest Washington	5,203		5,203
Administrative fees	<u>(952)</u>	_____	<u>(952)</u>
Endowment Net Assets at December 31, 2017	\$ <u>30,333</u>	\$ <u>70,056</u>	\$ <u>100,389</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 net assets with donor restrictions with subsequent restorations reported as an increase until such deficiencies are eliminated. There were no deficient amounts to report in 2018 or 2017.

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

#### NOTE 7 - 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 8 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,288,332	\$ 1,288,332
Building and improvements	6,588,094	6,136,909
Equipment	<u>502,773</u>	<u>503,060</u>
	8,379,199	7,928,301
Less accumulated depreciation	<u>1,961,546</u>	<u>1,843,610</u>
	<u>\$ 6,417,653</u>	<u>\$ 6,084,691</u>

Depreciation expense was \$235,034 and \$225,379 for the years ended December 31, 2018 and 2017, respectively.

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

#### NOTE 9 - NET ASSETS WITHOUT DONOR RESTRICTIONS 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, 2018, 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, 2018 and 2017, Share has received grants from the following agencies with continuing compliance requirements:

	<u>2018</u>	<u>2017</u>
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	763,410
Clark County HOME and Community Development Block Grant 3 (until 2038)	198,450	198,450
Clark County Community Development Block Grant 4 (until 2031)	438,250	438,250
City of Vancouver Community Development Block Grant 5 (until 2031)	<u>225,000</u>	<u>225,000</u>
	<u>\$ 1,625,110</u>	<u>\$ 3,007,610</u>

#### NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS SUBJECT TO BOARD RESTRICTION

As of December 31, 2018 and 2017, the Board of Directors has restricted the following funds:

	<u>2018</u>	<u>2017</u>
General operations	\$ 157,850	\$ 169,173
Restricted operating reserve	<u>660,928</u>	<u>704,537</u>
	<u>\$ 818,778</u>	<u>\$ 873,710</u>

These funds can be used for general operations if the Board of Directors formally removes their restriction.

## SHARE

### NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

#### NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	<u>2018</u>	<u>2017</u>
Restricted for various programs	\$ 262,416	\$ 261,643
Unrestricted purpose in a future period	<u>10,305</u>	<u>30,333</u>
	272,721	291,976
Original donor corpus	<u>270,056</u>	<u>70,056</u>
	\$ <u>542,777</u>	\$ <u>362,032</u>

#### NOTE 12 - 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 Clark County 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 \$566,000 and \$578,000 for 2018 and 2017, respectively. The continued availability of these food supply resources is essential to the Organization's program services.

#### NOTE 13 - 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 was February 1, 2013 through December 31, 2017 with rent of \$1,000 per month for the first year, increasing each year by 3%. The lease has not been renewed and the Organization is renting the portion of the building on a month-to-month basis.

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, 2018 and 2017 was \$169,232 and \$156,741, 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 had recorded the lease payments as deferred revenue at December 31, 2016. During 2017, CDM received approval of the short plat application and exercised its right to purchase the building. Upon the approval of the short plat application, the Organization recognized the revenue of \$300,000 for the year ending December 31, 2017.



## **SHARE**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2018 and 2017

#### **NOTE 13 - LEASE AGREEMENTS (Continued)**

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 2018 and 2017. Cash paid for leases was approximately \$61,329 and \$52,442 for 2018 and 2017, respectively.

#### **NOTE 14 - 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 \$55,424 and \$41,605 for the years ended December 31, 2018 and 2017, respectively.

#### **NOTE 15 - FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent and utilities, which is allocated on a square footage basis, as well as salaries and related expenses, client assistance, food and supplies, advertising, professional fees, repairs and maintenance and other, which are allocated on the basis of estimates of time and effort.

**SUPPLEMENTARY INFORMATION**

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

Year Ended December 31, 2018

	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>Department of Housing and Urban Development</b>			
Community Development Block Grants/ Entitlement Grants Cluster			
Passed through Clark County			
ASPIRE	14.218	1707	\$ 50,000
Passed through the City of Vancouver			
ASPIRE	14.218	414845; 414738	49,644
Outreach	14.218	414735; 414837	28,615
Hunger	14.218	414836	34,000
			<u>162,259</u>
Home Investment Partnerships Programs			
Passed through Clark County			
HOME	14.239	17H5	321,576
Passed through City of Vancouver			
HOME	14.239	601807; 601705	111,853
			<u>433,429</u>
Emergency Solutions Grant Programs			
Direct Award			
ASPIRE	14.231	SOW1; SOW2	237,088
Shelters	14.231	SOW1	88,300
Outreach	14.231	SOW3	90,945
			<u>416,333</u>
Continuum of Care Program			
Direct Awards			
B2H Match	14.267		24,960
Outreach	14.267		69,038
Step Forward	14.267		232,268
Story Street	14.267		274,676
			<u>600,942</u>
<b>Total Department of Housing and Urban Development</b>			<b>1,612,963</b>

**SHARE**

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended December 31, 2018

	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<b>Department of Health and Human Services</b>			
Direct award			
Assets for Independence Demonstration Program	93.602		\$ 96,381
Community Services Block Grant 477 Cluster Passed through Clark County Health Assister	93.569	CSBG-03	<u>65,000</u>
<b>Total Department of Health and Human       Services</b>			161,381
<b>Department of Agriculture</b>			
Direct award			
Child Care Food Program	10.558		<u>95,762</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,870,106</u>

## **SHARE**

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

Year Ended December 31, 2018

#### **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, 2018. The information in this Schedule is presented in accordance with the 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"). 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, 2018, 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 July 10, 2019.

***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.

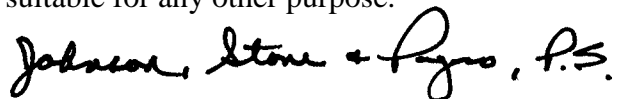
Board of Directors  
Share

***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.**

July 10, 2019





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 Share's major federal program for the year ended December 31, 2018. Share's major federal program is 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 Share's major federal program 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 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 the 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 its major federal program for the year ended December 31, 2018.

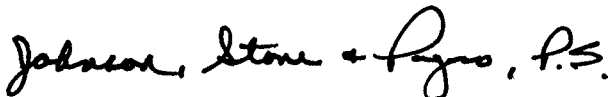
**Report on Internal Control over Compliance**

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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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.**

July 10, 2019

**SHARE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended December 31, 2018

**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 14.267 Continuum of Care Program	
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 (Continued)

Year Ended December 31, 2018

**Section II - Financial Statement Findings**

No matters were noted.

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

No matters were noted.