



REPORTS OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

**SHARE, INC.**

December 31, 2020 and 2019



MOSSADAMS

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## Report of Independent Auditors

The Board of Directors  
Share, Inc.

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

We have audited the accompanying financial statements of Share, Inc. (Share or the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, 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 May 27, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Share's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Share's internal control over financial reporting and compliance.

*Moss Adams LLP*

Portland, Oregon  
May 27, 2021

**Share, Inc.**  
**Statements of Financial Position**

**ASSETS**

	December 31,	
	2020	2019
Cash and cash equivalents	\$ 1,504,127	\$ 838,330
Contract and grant payments receivable, net	2,230,625	1,366,580
Contributions receivable	-	14,000
Prepaid expenses and other assets	285,097	60,060
Beneficial interest held by others	1,379,431	1,328,103
Property and equipment, net	6,319,627	6,676,559
Total assets	<u>\$ 11,718,907</u>	<u>\$ 10,283,632</u>

**LIABILITIES AND NET ASSETS**

	December 31,	
	2020	2019
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 774,825	\$ 365,659
Accrued payroll and related expenses	493,979	378,885
Deferred revenue	318,666	29,310
Funds held on behalf of others	146,600	310,810
Total liabilities	<u>1,734,070</u>	<u>1,084,664</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Available for programs and general operations	8,328,135	7,585,035
Designated by the Board of Directors	1,067,785	1,018,644
	<u>9,395,920</u>	<u>8,603,679</u>
With donor restrictions	<u>588,917</u>	<u>595,289</u>
Total net assets	<u>9,984,837</u>	<u>9,198,968</u>
Total liabilities and net assets	<u>\$ 11,718,907</u>	<u>\$ 10,283,632</u>

## Share, Inc.

### Statements of Activities

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT						
Government grants and contracts	\$ 11,741,939	\$ -	\$ 11,741,939	\$ 7,192,341	\$ -	\$ 7,192,341
Private grants and contributions	1,235,853	347,047	1,582,900	592,670	118,973	711,643
In-kind contributions	436,107	-	436,107	773,060	-	773,060
Special events	257,890	-	257,890	527,782	-	527,782
Investment return, net	40,172	10,806	50,978	112,875	34,379	147,254
Rental income	192,795	-	192,795	183,307	-	183,307
Loss on sale of property and equipment	(208,685)	-	(208,685)	-	-	-
Other revenue	11,996	-	11,996	207,201	-	207,201
Total revenues, gains (losses), and other support	13,708,067	357,853	14,065,920	9,589,236	153,352	9,742,588
NET ASSETS RELEASED FROM RESTRICTIONS	364,225	(364,225)	-	100,840	(100,840)	-
Total revenues, gains (losses), other support and net assets released from restrictions	14,072,292	(6,372)	14,065,920	9,690,076	52,512	9,742,588
EXPENSES						
Program services						
Shelters	2,533,420	-	2,533,420	1,919,674	-	1,919,674
Hunger response	738,210	-	738,210	1,022,219	-	1,022,219
Supportive services	551,668	-	551,668	1,027,755	-	1,027,755
Transitional and permanent housing	7,625,174	-	7,625,174	3,901,949	-	3,901,949
	11,448,472	-	11,448,472	7,871,597	-	7,871,597
Supporting services						
Management and general	1,396,180	-	1,396,180	1,066,535	-	1,066,535
Fundraising	435,399	-	435,399	713,641	-	713,641
	1,831,579	-	1,831,579	1,780,176	-	1,780,176
Total expenses	13,280,051	-	13,280,051	9,651,773	-	9,651,773
INCREASE (DECREASE) IN NET ASSETS	792,241	(6,372)	785,869	38,303	52,512	90,815
NET ASSETS, beginning of year	8,603,679	595,289	9,198,968	8,565,376	542,777	9,108,153
NET ASSETS, end of year	\$ 9,395,920	\$ 588,917	\$ 9,984,837	\$ 8,603,679	\$ 595,289	\$ 9,198,968

**Share, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	Program Services					Supporting Services			
	Shelters	Hunger Response	Supportive Services	Transitional and Permanent Housing	Total	Management and General	Fundraising	Total	Total Expenses
Supportive client services	\$ 90,312	\$ -	\$ 55,460	\$ 5,891,842	\$ 6,037,614	\$ 6	\$ 125	\$ 131	\$ 6,037,745
Salaries and related expenses	1,618,886	269,232	440,681	1,500,167	3,828,966	899,781	224,931	1,124,712	4,953,678
Supplies	149,079	212,306	15,361	42,897	419,643	75,706	75,404	151,110	570,753
Occupancy	278,251	9,049	5,505	86,461	379,266	60,716	1,478	62,194	441,460
Contributed services of volunteers and in-kind donations	183,145	210,849	225	17,152	411,371	3,346	23,702	27,048	438,419
Professional services	142,028	2,608	13,500	29,452	187,588	83,192	55,256	138,448	326,036
Training and travel	8,683	7,414	11,489	25,865	53,451	7,312	1,748	9,060	62,511
Fundraising	-	-	-	-	-	-	43,719	43,719	43,719
Other	-	-	-	-	-	120,837	9,036	129,873	129,873
Total expenses before depreciation	2,470,384	711,458	542,221	7,593,836	11,317,899	1,250,896	435,399	1,686,295	13,004,194
Depreciation	63,036	26,752	9,447	31,338	130,573	145,284	-	145,284	275,857
Total expenses	<u>\$ 2,533,420</u>	<u>\$ 738,210</u>	<u>\$ 551,668</u>	<u>\$ 7,625,174</u>	<u>\$ 11,448,472</u>	<u>\$ 1,396,180</u>	<u>\$ 435,399</u>	<u>\$ 1,831,579</u>	<u>\$ 13,280,051</u>

**Share, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2019**

	Program Services					Supporting Services			
	Shelters	Hunger Response	Supportive Services	Transitional and Permanent Housing	Total	Management and General	Fundraising	Total	Total Expenses
Supportive client services	\$ 70,540	\$ -	\$ 97,018	\$ 2,615,229	\$ 2,782,787	\$ 219	\$ 1,704	\$ 1,923	\$ 2,784,710
Salaries and related expenses	1,260,313	218,437	748,644	1,120,980	3,348,374	686,652	212,355	899,007	4,247,381
Supplies	93,882	249,032	43,718	23,139	409,771	61,761	82,770	144,531	554,302
Occupancy	174,175	34,655	30,144	55,934	294,908	68,322	970	69,292	364,200
Contributed services of volunteers and in-kind donations	202,343	403,599	714	4,218	610,874	587	159,496	160,083	770,957
Professional services	16,710	-	36,014	1,999	54,723	89,181	49,732	138,913	193,636
Training and travel	8,768	11,109	17,162	25,877	62,916	10,181	2,904	13,085	76,001
Fundraising	-	-	-	-	-	1,681	166,294	167,975	167,975
Capital purchases	4,151	-	-	-	4,151	1,232	-	1,232	5,383
Other	42,720	80,412	38,347	25,355	186,834	-	37,416	37,416	224,250
Total expenses before depreciation	1,873,602	997,244	1,011,761	3,872,731	7,755,338	919,816	713,641	1,633,457	9,388,795
Depreciation	46,072	24,975	15,994	29,218	116,259	146,719	-	146,719	262,978
Total expenses	\$ 1,919,674	\$ 1,022,219	\$ 1,027,755	\$ 3,901,949	\$ 7,871,597	\$ 1,066,535	\$ 713,641	\$ 1,780,176	\$ 9,651,773



**Share, Inc.**  
**Statements of Cash Flows**

	Years Ended December 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 785,869	\$ 90,815
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	275,857	262,978
Loss on sale of property and equipment	208,685	3,783
Change in allowance for doubtful accounts	41,076	-
Investment return, net	(50,978)	(147,254)
Changes in assets and liabilities		
Contract and grant payments receivable	(905,121)	86,279
Contributions receivable	14,000	1,350
Prepaid expenses and other assets	(225,037)	4,827
Accounts payable and accrued liabilities	409,166	24,289
Accrued payroll and related expenses	115,094	51,296
Deferred revenue	289,356	10,913
Funds held on behalf of others	(164,210)	(53,664)
Net cash provided by operating activities	<u>793,757</u>	<u>335,612</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Contributions to the Community Foundation for Southwest Washington	(9,628)	-
Distributions from the Community Foundation for Southwest Washington	9,278	261
Purchases of property and equipment	<u>(127,610)</u>	<u>(525,667)</u>
Net cash used by investing activities	<u>(127,960)</u>	<u>(525,406)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	665,797	(189,794)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>838,330</u>	<u>1,028,124</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 1,504,127</u></u>	<u><u>\$ 838,330</u></u>

## **Share, Inc.**

### **Notes to Financial Statements**

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#### **Note 1 – Organization**

Share, Inc. (Share or the Organization) was formed in 1979. In 1983, Share became a nonprofit organization in the state of Washington by a group of caring people coming together with the common goal of caring for people experiencing homelessness and hunger in the Vancouver area. Share recently revised the mission statement to read: Share believes every person counts. Together, Share pursues a stronger community by building relationships, advocating for equitable access to housing and food stability while empowering every individual to grow and thrive. 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. COVID-19 had a significant effect on many of the programs Share operates. During the years ended December 31, 2020 and 2019, 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. The Organization also operates an overnight shelter at St. Luke's Episcopal Church called Women Housing and Transition (WHAT) and provides staffing support to one winter overflow shelter 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 through the Hot Meal program as well as sack meals. The program served approximately 92,000 and 45,000 meals in 2020 and 2019, respectively. Since March of 2020 the Hot Meal program changed its approach from having a sit-down style meal with an occasional sack lunch to go to having an entirely to go program due to safety concerns for COVID-19. The significant increase in meals is believed to be a result of food insecurity from the pandemic. Much of the food used in the program is donated through food drives or by area grocery stores or purchased through the Clark County Food Bank 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. In March, when the schools closed, this program collaborated with the schools to have drive-up meals at locations known to have a significant amount of poverty.

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 2020 and 2019, Share provided approximately 16,000 and 18,000 meals to children and their families for this program, respectively. In 2020 these meals were also grab and go due to COVID-19.

**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 homelessness in downtown Vancouver. The program provides street outreach services to more than 800 hard-to-reach and hard-to-serve homeless individuals each year. Over the years Share has worked to change this program to be less light touch providing basic needs and more focused on connecting people to housing. This has resulted in serving less people but more intense services. Share stopped providing services at the Day Center at the end of January 2020.

Share also has received funding for Individual Development Accounts (IDAs) for eligible people in the 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 77 savers in 2020, of which, 32 individuals used their accounts to purchase an asset. There were 76 savers in 2019, of which, 26 individuals used their accounts to purchase an asset.

*Clean Up*

One of the issues believed to be connected to homelessness that many community members express concerns about is trash. Visible trash on the streets, parks, neighborhoods, and near businesses has a negative effect on the community and impacts health and safety. In 2018, Share began a program called Talkin' Trash that employs people who are or have been experiencing homelessness as well as a crew leader to pick up refuse within the City of Vancouver. The program is funded by the City. In 2020, during the pandemic and with wildfires, this program disposed of nearly 103 tons of trash and in 2019, those numbers were 108 tons.

**Transitional and permanent housing**

Share has a permanent housing first component to this program, providing housing to chronically homeless individuals. In 2020 and 2019, Supportive Services housed 90 and 86, respectively, 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 and another 30 were supported at Meriwether Place.

Share's Achieving Self-Sufficiency Personal Improvement and Resource Education (ASPIRE) has been renamed to Affordable Housing and Stability (AHS) Program provides supported housing through case management to families and single adults on their way to stability and self-sufficiency. The Affordable Housing and Stability Program is a coordinated system for providing case management, housing and connection to supportive services in the community for homeless families and individuals. Currently, the AHS program serves 109 households each month. The program served 202 and 460 people in 2020 and 2019, respectively.

Share owns 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 three bedroom homes for families, which are rented at less than half of fair value.

## Share, Inc.

### Notes to Financial Statements

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#### **Note 1 – Organization (continued)**

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 mental or physical health issues. This program was originally an entitlement program offered by the Department of Health and Social Services. In November 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 an average of 136 and 124 clients per month in 2020 and 2019, respectively.

##### *Additional COVID-19 work*

Share kept the Family Winter Hospitality Overflow program open for an additional 3 months to help provide people with a safe place to stay. Further, Share accepted a large amount of COVID-19 supplies including thousands of cloth masks to help distribute in the community.

During the summer of 2020, Share accepted funds from Clark County Community Services to help prevent evictions for households who were struggling due to the effects of COVID-19. Share also reached out to private donors to provide support for the gaps between what the assistance that government was willing to provide and what local households needed to remain housed. In the fall, Share was awarded additional funds to keep these efforts going. Over the course of 2020, 783 households were helped by Share with these funds.

#### **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**

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

*Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors that may or will be met, either by actions of the Organization or the passage of time. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Also included in this classification are net assets subject to donor-imposed stipulations which must be maintained in perpetuity by the Organization. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

**Note 2 – Summary of Significant Accounting Policies (continued)**

**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. The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. To date, the Organization has not experienced any losses.

**Contract and grant payments receivable**

Contract and grant payments receivable are reported on the statements of financial position net of the allowance for doubtful accounts of \$41,076 at December 31, 2020. No allowance was recorded as of December 31, 2019. The allowance for doubtful accounts is estimated by evaluating the credit worthiness of those from whom amounts are due as well as current economic trends. Receivables are considered delinquent if not paid by the due date. Accounts are charged off when all collection efforts have been exhausted.

**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 the estimated fair value of long-lived assets. In the event that the carrying value of long-lived assets exceeds the 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, 2020 or 2019, as management of the Organization is of the opinion that fair value is in excess of the carrying value.

**Revenue and revenue recognition**

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization had not received any cost-reimbursable grants that have not been recognized at December 31, 2020 or 2019 because qualifying expenditures have not yet been incurred.

Private grants and contributions received are recorded as with or without donor restrictions, depending on the existence or nature of donor restrictions and are recorded in the period made. All unconditional contributions and donations received are available for general use unless specifically restricted by the donor. Unconditional promises to be received in the following year are recorded at their net realizable value. Unconditional promises to be received over more than one year 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.

## **Share, Inc.**

### **Notes to Financial Statements**

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#### **Note 2 – Summary of Significant Accounting Policies (continued)**

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.

#### **Paycheck Protection Program (PPP) revenue recognition**

In April 2020, the Organization received a loan under the Small Business Association's (SBA) Paycheck Protection Program (PPP) in the amount of \$718,472. It is the Organization's policy to account for this funding as a conditional contribution in accordance with Financial Accounting Standards Board Accounting Standards Update No. 2018-08. Upon receipt, the cash inflow is recorded as a refundable advance. This refundable advance is reduced as the barriers are overcome and the Organization is entitled to the assets and the conditions of release have been substantially met or explicitly waived. As of December 31, 2020, the Organization has recognized the full amount in government grants and contracts on the statements of activities, as management has determined the barriers have been overcome when qualifying expenses are incurred. Subsequent to year-end, the Organization received notification from the SBA that the loan had been fully forgiven.

#### **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).

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 during the years ended December 31, 2020 or 2019.

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.

#### **Special events**

Revenue is recorded in the period the event occurs. Donations received prior to when the event occurs are recorded in deferred revenue.

#### **Investment return**

Investment return includes realized and unrealized gains and losses, interest, and dividends, net of investment expenses, and are reported as an increase or decrease to the appropriate net asset category.

**Note 2 – Summary of Significant Accounting Policies (continued)**

**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, 2020 and 2019 totaled \$19,253 and \$17,015, respectively (including donated advertising expenses valued at \$5,013 and \$3,879, respectively).

**Functional allocation of expenses**

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on a reasonable basis that is consistently applied on the basis of estimates of time and effort for all categories other than occupancy which is allocated on the basis of estimates of space, time, and effort.

**Income taxes**

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

The Organization recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest and penalties related to income tax matters, if any, in management and general expense.

The Organization had no unrecognized tax benefits at December 31, 2020 or 2019. The Organization files an exempt return in the U.S. federal jurisdiction.

**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.

**Subsequent events**

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are available to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position and before the financial statements are available to be issued.

## Share, Inc.

### Notes to Financial Statements

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#### Note 2 – Summary of Significant Accounting Policies (continued)

The Organization has evaluated subsequent events through May 27, 2021, which is the date the financial statements were available to be issued.

#### Note 3 – Liquidity and Availability

Financial assets and liquid resources available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following for the years ended December 31:

	2020	2019
Cash and cash equivalents	\$ 1,504,127	\$ 838,330
Contract and grant payments receivable, net	2,230,625	1,366,580
Contributions receivable	-	14,000
Total financial assets	3,734,752	2,218,910
Cash held on behalf of others	(146,600)	(310,810)
Financial assets available to meet general expenditures within one year	<u>\$ 3,588,152</u>	<u>\$ 1,908,100</u>

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in money market funds and savings accounts. Although the Organization does not intend to spend from its Board-designated net assets, these amounts could be made available if necessary and totaled \$1,067,785 and \$1,018,644 at December 31, 2020 and 2019, respectively. See Note 9.

#### Note 4 – Contract and Grant Payments Receivable

Contract and grant payments receivable consist of the following at December 31:

	2020	2019
Clark County Department of Community Services	\$ 1,734,911	\$ 657,832
City of Vancouver	265,548	431,608
U.S. Department of Housing and Urban Development	61,845	58,683
FEMA	60,543	20,000
Vancouver Housing Authority	58,277	23,228
Other	90,577	175,229
Less: allowance for doubtful accounts	(41,076)	-
Total	<u>\$ 2,230,625</u>	<u>\$ 1,366,580</u>



**Note 5 – Beneficial Interest Held by Others**

Beneficial interest held by others 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, 2020, 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>2020</u>	<u>2019</u>
Operating reserve fund	\$ 286,292	\$ 266,041
Endowment fund	311,645	309,467
Replacement reserve fund	<u>781,494</u>	<u>752,595</u>
Total	<u><u>\$ 1,379,431</u></u>	<u><u>\$ 1,328,103</u></u>

**Note 6 – Fair Value Measurements**

GAAP establishes a three-level hierarchy for disclosure of assets and liabilities recorded at fair value. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

**Level 1** – Quoted prices are available in active markets for identical assets or liabilities readily accessible at the reporting date.

## Share, Inc.

### Notes to Financial Statements

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#### Note 6 – Fair Value Measurements (continued)

**Level 2** – Pricing inputs are observable for the assets or liabilities, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1.

**Level 3** – Pricing inputs are unobservable for the assets or liabilities and may include significant judgment or estimation.

The Organization used the following methods and significant assumptions to estimate fair value for its assets measured at fair value in the financial statements:

*Beneficial interest held by others* – The fair value of the beneficial interest in assets held by others is based on the fair value of fund investments as reported by CFSW. The Organization's portion of the pooled investment portfolio is not actively traded and significant other observable inputs are not available. However, the underlying investments of CFSW are measured by management of CFSW using a variety of valuation methods including Level 1, Level 2, and Level 3 inputs. As such, investments held at CSFW are measured at net asset value (NAV). There are no unfunded commitments and the redemption frequency is quarterly. There is no redemption notice period and no other restrictions.

There have been no changes in methodologies used to determine fair value during the years ended December 31, 2020 or 2019.

At December 31, 2020 and 2019, the Organization's assets, which included only the beneficial interest held by others, measured at fair value on a recurring basis totaled \$1,379,431 and \$1,328,103, respectively.

#### Note 7 – Property and Equipment

Property and equipment consist of the following at December 31:

	2020	2019
Land	\$ 1,288,332	\$ 1,288,332
Building and improvements	7,011,064	7,195,570
Equipment and vehicles	502,623	410,661
	8,802,019	8,894,563
Less accumulated depreciation	2,482,392	2,218,004
	<u>\$ 6,319,627</u>	<u>\$ 6,676,559</u>

Depreciation expense was \$275,857 and \$262,978 for the years ended December 31, 2020 and 2019, respectively.

**Note 8 – 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, 2020, 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.

Share has received grants from the following agencies with continuing compliance requirements as of December 31:

	<u>2020</u>	<u>2019</u>
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)	225,000	225,000
City of Vancouver Affordable Housing Fund Share House Shelter Rehabilitation Grant (until 2038)	<u>156,600</u>	<u>156,600</u>
	<u><u>\$ 1,781,710</u></u>	<u><u>\$ 1,781,710</u></u>

**Note 9 – Net Assets without Donor Restrictions Subject to Board Designation**

The Board of Directors has designated the following funds as of December 31:

	<u>2020</u>	<u>2019</u>
General operations	\$ 286,291	\$ 266,049
Restricted operating reserve	<u>781,494</u>	<u>752,595</u>
Total	<u><u>\$ 1,067,785</u></u>	<u><u>\$ 1,018,644</u></u>

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

## Share, Inc.

### Notes to Financial Statements

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#### Note 10 – Net Assets with Donor Restrictions

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

	2020	2019
Restricted for various programs	\$ 277,272	\$ 285,822
Endowment	311,645	309,467
	<u>\$ 588,917</u>	<u>\$ 595,289</u>

#### Note 11 – Endowments

The Organization's endowment consists of one fund established for a variety of purposes and includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Funds Act (UPMIFA or the Act) as requiring the preservation of the fair value of the original gift as of the gift date and the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

#### 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.

**Note 11 – Endowments (continued)**

**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. Those net assets held in perpetuity 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. The Organization's spending policy would not allow for spending over that allowed by UPMIFA, or 7%.

Endowment net assets and changes in endowment net assets for the year ended December 31, 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets at December 31, 2019	\$ 1,018,644	\$ 309,467	\$ 1,328,111
Contributions	8,969	-	8,969
Investment return, net	40,172	10,806	50,978
Appropriation of endowment for expenditure	<u>-</u>	<u>(8,628)</u>	<u>(8,628)</u>
Endowment net assets at December 31, 2020	<u>\$ 1,067,785</u>	<u>\$ 311,645</u>	<u>\$ 1,379,430</u>

Endowment net assets and changes in endowment net assets for the year ended December 31, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets at December 31, 2018	\$ 818,778	\$ 280,360	\$ 1,099,138
Contributions	86,991	-	86,991
Investment return, net	112,875	34,379	147,254
Appropriation of endowment for expenditure	<u>-</u>	<u>(5,272)</u>	<u>(5,272)</u>
Endowment net assets at December 31, 2019	<u>\$ 1,018,644</u>	<u>\$ 309,467</u>	<u>\$ 1,328,111</u>

## Share, Inc.

### Notes to Financial Statements

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#### 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 accompanying statements of activities. The fair value of such items was approximately \$207,000 and \$375,000 for 2020 and 2019, respectively. The continued availability of these food supply resources is essential to the Organization's program services.

#### Note 13 – Commitments and Contingencies

##### Operating leases

The Organization receives rents from various tenants under month-to-month agreements. Total rental income under all agreements for the years ended December 31, 2020 and 2019 was \$192,795 and \$183,307, respectively.

The Organization has entered into various operating lease agreements for its shelters, client housing, and administrative facilities. Certain lease agreements provide the Organization with donated rent which is recorded as in-kind contributions. The leases extend for various periods up to three years. Cash paid for leases was \$120,001 and \$167,545 for 2020 and 2019, respectively.

Future payments due under non-cancelable operating leases having original terms in excess of one year are as follows:

Years ending December 31, 2021	\$ 102,631
2022	7,368
2023	7,368
2024	7,368
2025	6,536
	<hr/>
	\$ 131,271
	<hr/>

##### Grant revenues

The grant revenues reported in the accompanying statements of activities are subject to audit and adjustment by grantor agencies. Grant revenues relating to costs, which may be ultimately questioned or disallowed by the grantor agencies, may become a liability of Share as a result of audit findings.

#### 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 \$62,497 and \$62,402 for the years ended December 31, 2020 and 2019, respectively.

**Note 15 – Concentrations**

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 16 – Risks and Uncertainties**

Since March 2020, financial markets and economic conditions have undergone a significant negative impact as a result of the COVID-19 global pandemic. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the related impact on contributors and grantors, employees, contractors, and vendors, all of which are uncertain and cannot be predicted. As such, the extent to which COVID-19 may impact the Organization's financial position and results of operations cannot be reasonably estimated at this time.

## **Report of Independent Auditors 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***

The Board of Directors  
Share, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Share, Inc. (Share or the Organization), which comprise the statement of financial position as of December 31, 2020, 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 May 27, 2021.

### **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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a significant deficiency.



**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 financial statements. 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*.

**Share's Response to Findings**

Share's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Share's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Portland, Oregon  
May 27, 2021

## **Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Directors  
Share, Inc.

### **Report on Compliance for the Major Federal Program**

We have audited Share, Inc.'s (Share or the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2020. 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 the Organization'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 the 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.

#### ***Opinion on the 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, 2020.

## Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Moss Adams LLP

Portland, Oregon  
May 27, 2021

**Share, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2020**

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**Section I – Summary of Auditor’s Results**

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**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_x\_\_\_ yes \_\_\_\_\_ no
- Significant deficiency(ies) identified? \_\_\_x\_\_\_ yes \_\_\_\_\_ none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes \_\_\_x\_\_\_ no

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes \_\_\_x\_\_\_ no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes \_\_\_x\_\_\_ none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes \_\_\_x\_\_\_ no

Identification of major federal programs and type of auditor’s report issued on compliance for major federal programs:

<i>CFDA Number</i>	<i>Name of Major Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
21.019	Coronavirus Relief Fund	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_x\_\_\_ yes \_\_\_\_\_ no

**Share, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2020**

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**Section II – Financial Statement Findings**

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**FINDING 2020-001 – Material Weakness in Controls over Financial Reporting – Overstatement of Expenses**

**Criteria:** Generally accepted accounting principles requires accrual of expenditures in the fiscal year. If payments are made for a period outside of the fiscal year, amounts should be reflected as a prepaid expense or not included in the general ledger.

**Condition:** Under the Eviction Rent Assistance Program (ERAP) guidelines issued by the Washington State Department of Commerce, the definition of allowable rent costs was updated. For the grant term August 1, 2020 through December 31, 2020, up to six months of rent payments in any combination of rental arrears, current rent, or future rent through December 2020 qualified as an allowable cost under the terms of the grant agreement. This included January 2021 rent, if the rent payment was made in December 2020, with no rent payments past January 2021 being allowed. Under these guidelines, management charged payments that included January 2021 rent to the calendar year 2020 grant as allowed because the payment was made in December 2020. However, for the purposes of financial reporting under generally accepted accounting principles, these payments were also included as expense in fiscal year 2020, instead of fiscal year 2021, leading to an overstatement of expenses for the year ended December 31, 2020. While allowable for purposes of the grant, all costs related to payment of January 2021 rent in December 2020 should be considered prepaid in fiscal year 2020, and not expense.

**Cause:** This was caused by lack of internal controls surrounding the review and approval of expenses recorded to the general ledger for the year ended December 31, 2020.

**Effect:** Rent expense totaling \$286,166 was inappropriately included as an expense for the year ended December 31, 2020. Management posted a journal entry to correct this and it is properly stated in the audited financial statements.

**Recommendation:** We recommend management review current policies and procedures related to the review and approval of expenditures to ensure amounts are appropriately recorded to the general ledger.

**Views of Responsible Officials and Planned Corrective Actions:** Share agrees with this finding and will adhere to the corrective action plan included in this report.

**FINDING 2020-002 – Significant Deficiency in Controls over Financial Reporting – Indirect Cost Allocation Calculation**

**Criteria:** Costs accumulated and charged to grantors for reimbursements should represent actual costs incurred.

**Condition:** During the process of allocating Share's facility costs to programs housed within the facility, two disparate practices led to an inadvertent overstatement of costs and an erroneous collection of revenue from related grantors. First, the allocation of Share's facility costs was based on budgeted costs instead of actual costs as they were incurred throughout the year. Second, included in the budgeted cost basis of facility costs was depreciation expense on property and equipment. Depreciation is a significant non-cash expense which led to significant overallocation of cost to the grant awards.

**Share, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2020**

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**Section II – Financial Statement Findings (continued)**

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**Cause:** During the year, Share's Director of Finance retired, and an interim Director of Finance was onboarded. For unknown reasons, the prior Director of Finance changed the methodology for recording and allocating facility costs, basing costs on budget rather than actual. This resulted in an overallocation of costs allowed to be charged to certain grants due to a lack of understanding of what is included in the base of indirect costs to be allocated.

**Effect:** Inappropriate costs were charged to certain non-federal grants totaling approximately \$40,000.

**Recommendation:** We recommend management review current policies and procedures related to the allocation of indirect costs to grants to ensure appropriate quantitative inputs.

**Views of Responsible Officials and Planned Corrective Actions:** Share agrees with this finding and will adhere to the corrective action plan included in this report.

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

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None reported.



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#### **Corrective Action Plan:**

#### **Finding 2020-001 – Material Weakness in Controls over Financial Reporting – Overstatement of Expenses**

Share recognizes that the allowability of rent payments in advance for grant purposes can be expensed but for GAAP purposes are treated as a prepaid expense. Share has set up a prepaid expense account for client rents paid in advance and AP batches for client assistance will be segmented between current rents and rent in arrears from prepaid rents. Descriptions in the AP batches will clarify in which month rents belong. Prepaid rents will be updated monthly with the recognition of the rent expense in the proper month. Rent AP batches will be reviewed and approved based on GAAP principles as well as client qualification. Monthly reclassification entries of prepaid rents will be drafted by the Accounting Manager and approved by the Director of Finance (or vice versa) for appropriate review and approval of entries and back up.

Eddie Gallagher, Accounting Manager, is implementing the changes with an anticipated completion date of July 31, 2021.

#### **Finding 2020-002 – Significant Deficiency in Controls over Financial Reporting – Indirect Cost Allocation Calculation**

Contracts that were overcharged for occupancy costs are being refunded where they were overcharged with estimated versus actual costs. Share is revising their Cost Allocation Plan to ensure all shared and indirect costs are accurately captured based on actual costs and methodologies for all shared and indirect costs are stated clearly and consistent with federal guidelines. The Cost Allocation Plan will be consistently applied across all programs with appropriate schedules and back up. Management will be trained on allowable costs and methodologies in advance of reviewing and approving the Cost Allocation Plan. The Cost Allocation Plan will be reviewed and updated annually. Journal entries associated with allocated costs will be drafted by the Accounting Manager and approved by the Director of Finance (or vice versa) to ensure proper review of entries.

Vega Tom, Interim Director of Finance, is revising the cost allocation plan and training management with an anticipated completion date of July 31, 2021.

Executive Director,



Diane McWithey

## **Supplementary Information**

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**Share, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Amounts Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development Direct Programs:				
Emergency Solutions Grant Program	14.231		\$ -	\$ 40,000
Continuum of Care Program	14.267		-	630,980
Subtotal U.S. Department of Housing and Urban Development Direct Programs			-	670,980
U.S. Department of Housing and Urban Development Pass-through Programs From:				
CDBG - Entitlement Grants Cluster				
Clark County ASPIRE - Community Development Block Grants/Entitlement Grants	14.218	1907, CV06	-	45,374
Clark County Elevator Replacement - Community Development Block Grants/Entitlement Grant	14.218	1913	-	19,210
City of Vancouver ASPIRE - Community Development Block Grants/Entitlement Grants	14.218	PRJ100364	-	66,962
City of Vancouver Outreach - Community Development Block Grants/Entitlement Grant	14.218	PRJ100453	-	12,159
Total CDBG - Entitlement Grants Cluster			-	143,705
Clark County HOME - Home Investment Partnerships Program	14.239	18H7	-	225,646
City of Vancouver HOME - Home Investment Partnerships Program	14.239	100459, PRJ100366	-	152,795
			-	378,441
<i>Total U.S. Department of Housing and Urban Development</i>			-	1,193,126
U.S. Department of Health and Human Services Direct Programs:				
Injury Prevention and Control Research and State and Community Based Programs	93.136		-	63,131
Assets for Independence Demonstration Program	93.602		-	79,202
Subtotal U.S. Department of Health and Human Services Direct Programs			-	142,333
U.S. Department of Health and Human Services Pass-Through Programs From:				
Clark County Health Assister - Community Services Block Grant	93.569	20-200-205, CSBG-04	-	138,500
<i>Total U.S. Department of Health and Human Services</i>			-	138,500
U.S. Department of Homeland Security Direct Programs:				
COVID-19 - Emergency Food and Shelter National Board Program	97.024		-	12,818
Emergency Food and Shelter National Board Program - Shelters	97.024		-	17,951
<i>Total U.S. Department of Homeland Security</i>			-	30,769
U.S. Department of the Treasury Pass-Through Programs From:				
Clark County - COVID-19 Coronavirus Relief Fund	21.019	CHG-06.5, ERAP-02	-	3,563,068
U.S. Department of Agriculture Direct Programs:				
Child and Adult Care Food Program	10.558		-	89,726
<b>Total expenditures of federal awards</b>			<b>\$ -</b>	<b>\$ 5,157,522</b>

**Share, Inc.**  
**Notes of Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2020**

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**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Share, Inc. (Share or the Organization) under programs of the federal government for the year ended December 31, 2020. The information in the 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 the Organization, it is not intended and does not present the financial position, changes in net assets or cash flows of the Organization.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**Note 3 – Indirect Cost Rate**

During the current year, the Organization did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4 – Donated Personal Protective Equipment (PPE) (Unaudited)**

Share received donated Personal Protective Equipment (PPE) from various entities in response to the COVID-19 pandemic with a fair value of \$10,500 at the time of receipt for the year ended December 31, 2020.

