



Reports of Independent Auditors
and Financial Statements
With Supplementary Information

Share, Inc.

December 31, 2022 and 2021

Table of Contents

	Page
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statement of Functional Expenses	7
Statement of Functional Expenses	8
Statements of Cash Flows	9
Notes to Financial Statements	10
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	25
Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	27
Schedule of Findings and Questioned Costs	30
Corrective Action Plan	32
Supplementary Information	
Schedule of Expenditures of Federal Awards	34
Notes to Schedule of Expenditures of Federal Awards	35

Report of Independent Auditors

The Board of Directors
Share, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Share, Inc. (Share or the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Share as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Share and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Share's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Share's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Share's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2023 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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
May 30, 2023

Financial Statements

Share, Inc.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 2,228,841	\$ 1,931,315
Contract and grant payments receivable	3,494,230	2,816,666
Prepaid expenses and other assets	90,161	837,360
Investments	-	120,661
Beneficial interest held by others	1,266,162	1,478,373
Property and equipment, net	5,995,328	6,164,688
Right-of-use asset, net	36,768	-
Total assets	\$ 13,111,490	\$ 13,349,063
LIABILITIES AND NET ASSETS		
	2022	2021
LIABILITIES		
Accounts payable and accrued liabilities	\$ 534,369	\$ 426,180
Accrued payroll and related expenses	799,096	644,382
Deferred revenue	28,145	840,135
Note payable	500,000	500,000
Lease liability	36,768	-
Total liabilities	1,898,378	2,410,697
NET ASSETS		
Without donor restrictions		
Available for programs and general operations	9,432,191	9,198,889
Designated by the Board of Directors	1,006,504	1,158,317
	10,438,695	10,357,206
With donor restrictions	774,417	581,160
Total net assets	11,213,112	10,938,366
Total liabilities and net assets	\$ 13,111,490	\$ 13,349,063

See accompanying notes.

Share, Inc.
Statements of Activities
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS (LOSSES), AND OTHER SUPPORT						
Government grants and contracts	\$ 23,959,315	\$ -	\$ 23,959,315	\$ 20,111,199	\$ -	\$ 20,111,199
Private grants and contributions	455,639	666,660	1,122,299	983,690	265,618	1,249,308
Contributed nonfinancial assets	739,193	-	739,193	590,643	-	590,643
Special events	575,700	-	575,700	559,565	-	559,565
Investment (loss) return, net	(165,931)	(46,280)	(212,211)	76,010	21,933	97,943
Rental income	184,243	-	184,243	201,002	-	201,002
Other	25,977	-	25,977	59,952	-	59,952
Total revenues, gains (losses), and other support	<u>25,774,136</u>	<u>620,380</u>	<u>26,394,516</u>	<u>22,582,061</u>	<u>287,551</u>	<u>22,869,612</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>427,123</u>	<u>(427,123)</u>	<u>-</u>	<u>295,308</u>	<u>(295,308)</u>	<u>-</u>
Total revenues, gains (losses), other support and net assets released from restrictions	26,201,259	193,257	26,394,516	22,877,369	(7,757)	22,869,612
EXPENSES						
Program services						
Shelters	3,406,119	-	3,406,119	2,696,247	-	2,696,247
Hunger response	832,914	-	832,914	702,207	-	702,207
Supportive services	1,488,983	-	1,488,983	814,100	-	814,100
Transitional and permanent housing	17,412,023	-	17,412,023	15,515,259	-	15,515,259
	<u>23,140,039</u>	<u>-</u>	<u>23,140,039</u>	<u>19,727,813</u>	<u>-</u>	<u>19,727,813</u>
Supporting services						
Management and general	2,043,734	-	2,043,734	1,458,734	-	1,458,734
Fundraising	935,997	-	935,997	729,536	-	729,536
	<u>2,979,731</u>	<u>-</u>	<u>2,979,731</u>	<u>2,188,270</u>	<u>-</u>	<u>2,188,270</u>
Total expenses	<u>26,119,770</u>	<u>-</u>	<u>26,119,770</u>	<u>21,916,083</u>	<u>-</u>	<u>21,916,083</u>
INCREASE (DECREASE) IN NET ASSETS	81,489	193,257	274,746	961,286	(7,757)	953,529
NET ASSETS, beginning of year	10,357,206	581,160	10,938,366	9,395,920	588,917	9,984,837
NET ASSETS, end of year	<u>\$ 10,438,695</u>	<u>\$ 774,417</u>	<u>\$ 11,213,112</u>	<u>\$ 10,357,206</u>	<u>\$ 581,160</u>	<u>\$ 10,938,366</u>

See accompanying notes.

Share, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services				Supporting Services				Total Expenses
	Shelters	Hunger Response	Supportive Services	Transitional and Permanent Housing	Total	Management and General	Fundraising	Total	
Supportive client services	\$ 225,769	\$ -	\$ 226,816	\$ 13,871,064	\$ 14,323,649	\$ 2,343	\$ -	\$ 2,343	\$ 14,325,992
Salaries and related expenses	2,074,866	291,204	1,109,298	2,547,236	6,022,604	1,479,051	374,683	1,853,734	7,876,338
Professional services	122,353	247	1,888	547,187	671,675	194,810	60,043	254,853	926,528
Supplies	171,779	246,431	27,884	67,531	513,625	120,842	77,080	197,922	711,547
Contributed services of volunteers and in-kind donations	338,414	255,335	9,307	9,562	612,618	14,909	111,666	126,575	739,193
Occupancy	260,480	13,665	16,017	165,827	455,989	92,079	19,617	111,696	567,685
Other	33,973	7,580	13,710	116,463	171,726	46,456	116,952	163,408	335,134
Fundraising	-	-	-	-	-	1,402	178,689	180,091	180,091
Training and travel	7,369	4,073	44,087	43,280	98,809	46,627	3,064	49,691	148,500
Total expenses before depreciation	3,235,003	818,535	1,449,007	17,368,150	22,870,695	1,998,519	941,794	2,940,313	25,811,008
Depreciation	70,434	26,378	28,305	28,289	153,406	155,356	-	155,356	308,762
Allocations of volunteer support and meals provided	100,682	(11,999)	11,671	15,584	115,938	(110,141)	(5,797)	(115,938)	-
Total expenses	\$ 3,406,119	\$ 832,914	\$ 1,488,983	\$ 17,412,023	\$ 23,140,039	\$ 2,043,734	\$ 935,997	\$ 2,979,731	\$ 26,119,770

See accompanying notes.

Share, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services				Supporting Services				Total Expenses
	Shelters	Hunger Response	Supportive Services	Transitional and Permanent Housing	Total	Management and General	Fundraising	Total	
Supportive client services	\$ 146,726	\$ 326	\$ 27,581	\$ 12,605,524	\$ 12,780,157	\$ 1,360	\$ -	\$ 1,360	\$ 12,781,517
Salaries and related expenses	1,732,828	276,138	629,160	1,987,008	4,625,134	1,042,822	261,037	1,303,859	5,928,993
Professional services	101,068	82	317	527,938	629,405	239,993	55,137	295,130	924,535
Supplies	126,368	147,377	73,646	95,905	443,296	96,241	86,040	182,281	625,577
Contributed services of volunteers and in-kind donations	186,307	205,238	1,158	2,673	395,376	1,235	194,032	195,267	590,643
Occupancy	227,403	10,750	26,679	122,626	387,458	8,168	6,819	14,987	402,445
Other	32,065	5,279	8,604	84,692	130,640	32,939	23,960	56,899	187,539
Fundraising	-	-	-	-	-	152	94,214	94,366	94,366
Training and travel	5,576	10,355	25,564	25,408	66,903	11,919	818	12,737	79,640
Total expenses before depreciation	2,558,341	655,545	792,709	15,451,774	19,458,369	1,434,829	722,057	2,156,886	21,615,255
Depreciation	75,128	36,297	14,098	30,520	156,043	144,785	-	144,785	300,828
Allocations of volunteer support and meals provided	62,778	10,365	7,293	32,965	113,401	(120,880)	7,479	(113,401)	-
Total expenses	\$ 2,696,247	\$ 702,207	\$ 814,100	\$ 15,515,259	\$ 19,727,813	\$ 1,458,734	\$ 729,536	\$ 2,188,270	\$ 21,916,083

See accompanying notes.

Share, Inc.
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 274,746	\$ 953,529
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	308,762	300,828
Non-cash lease costs	11,994	-
Investment loss (gain)	212,211	(97,943)
Donated securities	-	(120,661)
Changes in assets and liabilities		
Contract and grant payments receivable	(677,564)	(586,041)
Prepaid expenses and other assets	747,199	(552,263)
Accounts payable and accrued liabilities	108,189	(348,645)
Accrued payroll and related expenses	154,714	150,403
Lease liability	(11,994)	-
Deferred revenue	(811,990)	521,469
Funds held on behalf of others	-	(146,600)
	<u>316,267</u>	<u>74,076</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Contributions to the beneficial interest	(14,118)	(14,522)
Distributions from the beneficial interest	14,118	13,523
Proceeds from sale of investments	120,661	-
Purchases of property and equipment	(139,402)	(145,889)
	<u>(18,741)</u>	<u>(146,888)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of note payable	-	500,000
	<u>-</u>	<u>500,000</u>
Net cash provided by financing activities		
	<u>-</u>	<u>500,000</u>
INCREASE IN CASH AND CASH EQUIVALENTS	297,526	427,188
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,931,315</u>	<u>1,504,127</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 2,228,841</u>	<u>\$ 1,931,315</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated securities	<u>\$ -</u>	<u>\$ 120,661</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Right-of-use asset obtained in exchange for operating lease liabilities	<u>\$ 48,124</u>	<u>\$ -</u>

See accompanying notes.

Share, Inc.

Notes to Financial Statements

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, 2022 and 2021, the Organization incurred program service expenses in the following major categories:

Shelters

Share provides temporary, emergency housing at four year round 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 a women's shelter at St. Luke's Episcopal Church called Women Housing and Transition (WHAT). Share also provides staffing support to one winter overflow shelter in partnership with the Council for the Homeless, St. Andrew Lutheran Church and local churches. In 2022, Share's family shelters, that have some of the highest need in the community, had 68% of people move out of shelter and into housing.

Hunger response

Share provides daily meals for people experiencing homelessness and people struggling with poverty through the Hot Meal program as well as sack meals. The program served 84,159 and 89,195 meals in 2022 and 2021, respectively. Since March 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 related to COVID-19. In July 2022, the program returned to in dining room dining for meals Monday through Friday. 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 85 schools in five school districts every week that school is in session.

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 2022 and 2021, Share provided approximately 11,285 and 12,500 meals to children and their families for this program, respectively. During 2022, the mask mandate was just ending as Share opened their summer program and people were starting to get out, therefore the program saw less people. In 2022 and 2021, these meals were also grab and go due to COVID-19.

Share, Inc.

Notes to Financial Statements

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 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 less people being served and more significant outcomes. During 2022, due to the growing number of homeless on our streets the program grew from a team of nine to a team of fifteen. The team served 458 people and aided 76 in becoming permanently housed in 2022. The team served 496 people and aided 59 in becoming permanently housed in 2021.

Rapid Rehousing and Permanent Supported Housing

Share has a permanent housing first component to this program, providing housing to chronically homeless individuals. In 2022 and 2021, Supportive Services housed 87 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 Affordable Housing and Stability (AHAS) Program provides supported housing through case management to families and single adults on their way to stability and self-sufficiency. The AHAS 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 AHAS Program serves 109 households each month. The program served 247 and 255 people in 2022 and 2021, respectively.

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 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 139 and 168 clients per month in 2022 and 2021, respectively.

Additional COVID-19 Work – Throughout 2021 and until September of 2022, Share accepted funds from Clark County Community Services to help prevent evictions for households who were struggling because of COVID-19. These efforts involved Share maintaining a temporary staff of 14 to aid keeping people housed. From January until September of 2022, 951 households were helped by Share with these funds. During 2021, 856 households were helped by Share with these funds.

Share, Inc.

Notes to Financial Statements

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 and the City has sought additional dollars to aid this program in sustaining and growing. In 2022, this program disposed of just over 267 tons of trash, in 2021, those numbers were 280 tons.

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. Share’s Board of Directors has designated the use of various contributions for their discretion. The funds are used to meet operating and capital needs.

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.

Recently adopted standards

On January 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases*, and all subsequent amendments to the ASU (collectively, “ASC 842”). The primary effects of ASC 842 are to recognize lease assets and lease liabilities on the statement of financial position and to disclose certain information about leasing arrangements. The Organization adopted ASC 842 as of January 1, 2022, using the modified retrospective approach, which included a number of practical expedients to : a) not reassess whether any expired or existing contracts are or contain leases, b) not reassess the lease classification for any expired or existing leases, and c) not reassess initial direct costs for any existing leases. The Organization has also chosen the option to not restate comparative periods prior to the adoption of the new lease accounting standard. The Organization has elected to use the risk-free rate for the initial and subsequent measurement of lease liabilities. The risk-free rate is determined using a period comparable with the lease term. At adoption, the Organization recorded a right-of-use asset and a lease liability of \$48,124.

Share, Inc.

Notes to Financial Statements

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The standard did not have a material impact on the financial statements. The Organization has updated disclosures as necessary. See Note 15.

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 at the amount management expects to collect on balances outstanding at year-end. Management's policy regarding write-offs of receivable balances is to review historical payments and subsequent collections in order to determine if an allowance is necessary. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be insignificant, and thus no allowance has been recorded at December 31, 2022 or 2021.

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 donation. 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, 2022 or 2021, as management of the Organization is of the opinion that fair value is in excess of the carrying value.

Share, Inc.

Notes to Financial Statements

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 has recorded deferred revenue totaling \$28,145 and \$840,135, respectively, which represents cash received for cost-reimbursable grants that have not been recognized at December 31, 2022 or 2021 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 – that is, those with a measurement performance obligation or other barrier and a right of return – are not recognized until the conditions on which they depend have been 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.

Contributed nonfinancial assets

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 contributed nonfinancial assets with offsetting expenses at their estimated fair values (see Note 15).

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, 2022 or 2021.

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. Expenses related to special events are included in fundraising expenses.

Share, Inc.

Notes to Financial Statements

Investments and investment return

Investments in securities with readily determinable fair values are measured at fair value in the statements of financial position. 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.

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, 2022 and 2021 totaled \$162,923 and \$43,813, respectively (including donated advertising valued at \$40,860 and \$4,030, 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, 2022 or 2021. 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.

Share, Inc.

Notes to Financial Statements

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.

The Organization has evaluated subsequent events through May 30, 2023, 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 statements of financial position date, comprise the following for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,228,841	\$ 1,931,315
Contract and grant payments receivable, net	3,494,230	2,816,666
Investments	<u>-</u>	<u>120,661</u>
Total financial assets	<u>5,723,071</u>	<u>4,868,642</u>
Net assets with donor restrictions	<u>(774,417)</u>	<u>(581,160)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,948,654</u>	<u>\$ 4,287,482</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 \$1,006,504 and \$1,158,317 at December 31, 2022 and 2021, respectively. See Note 12.

Share, Inc.
Notes to Financial Statements

Note 4 – Contract and Grant Payments Receivable

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

	<u>2022</u>	<u>2021</u>
Clark County Department of Community Services	\$ 2,732,899	\$ 2,131,907
City of Vancouver	509,582	301,768
U.S. Department of Housing and Urban Development	112,919	69,684
Other	55,057	119,277
SWACH	44,288	-
Vancouver Housing Authority	39,485	94,030
Building Changes	-	100,000
	<u>\$ 3,494,230</u>	<u>\$ 2,816,666</u>
Total		

Note 5 – Investments

Investments were comprised of common stocks totaling \$120,661 as of December 31, 2021. No investments were held at December 31, 2022.

Note 6 – 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 an annual 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, 2022, management believes that future distributions from CFSW are capable of fulfillment and consistent with CFSW's mission.

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

Share, Inc.
Notes to Financial Statements

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

	<u>2022</u>	<u>2021</u>
Operating reserve fund	\$ 289,596	\$ 321,254
Endowment fund	259,659	320,056
Replacement reserve fund	<u>716,908</u>	<u>837,063</u>
Total	<u>\$ 1,266,163</u>	<u>\$ 1,478,373</u>

Note 7 – Fair Value Measurements

Generally accepted accounting principles (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.

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:

Investments – Investments are comprised of stocks for which fair values are based on quoted market prices in an active market using level 1 inputs.

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, 2022 or 2021.

Share, Inc. Notes to Financial Statements

At December 31, 2022 and 2021, the Organization's assets, which included investments and beneficial interest held by others, measured at fair value on a recurring basis totaled \$1,266,162 and \$1,599,034, respectively.

Note 8 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,288,332	\$ 1,288,332
Building and improvements	7,118,354	7,011,064
Equipment and vehicles	<u>682,907</u>	<u>650,795</u>
	9,089,593	8,950,191
Less accumulated depreciation	<u>3,094,265</u>	<u>2,785,503</u>
	<u><u>\$ 5,995,328</u></u>	<u><u>\$ 6,164,688</u></u>

Depreciation expense was \$308,762 and \$300,828 for the years ended December 31, 2022 and 2021, respectively.

Note 9 – Note Payable

On August 31, 2021, the Organization entered into a \$500,000 promissory note with Community Foundation for Southwest Washington with a maturity date of February 28, 2023. The loan is non-interest bearing and is subject to a balloon payment upon the maturity date. Subsequent to year-end, the Organization paid off the note payable in full.

Note 10 – Line of Credit

On September 29, 2021, the Organization entered into a line of credit agreement with First Citizens Bank and Trust Company with a \$50,000 borrowing limit and a maturity date of September 29, 2022. In September 2022, the Organization extended this agreement through September 29, 2023. Interest accrues at 3.25%. There was no outstanding balance as of December 31, 2022 or 2021.

Note 11 – 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, 2022 and 2021, 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, Inc.
Notes to Financial Statements

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

	2022	2021
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)	156,600	156,600
	\$ 1,781,710	\$ 1,781,710

Note 12 – Net Assets without Donor Restrictions Subject to Board Designation

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

	2022	2021
General operations	\$ 289,596	\$ 321,254
Restricted operating reserve	716,908	837,063
Total	\$ 1,006,504	\$ 1,158,317

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

Share, Inc.
Notes to Financial Statements

Note 13 – Net Assets with Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Restricted for various programs	\$ 514,759	\$ 261,104
Endowment	<u>259,658</u>	<u>320,056</u>
	<u>\$ 774,417</u>	<u>\$ 581,160</u>

Note 14 – 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.

Share, Inc.
Notes to Financial Statements

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 does not allow for spending over that allowed by UPMIFA, or 7%. The spending rate is determined annually.

Endowment net assets and changes in endowment net assets for the year ended December 31, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets at December 31, 2021	\$ 1,158,317	\$ 320,056	\$ 1,478,373
Contributions	14,118	-	14,118
Investment return, net	(165,931)	(46,280)	(212,211)
Appropriation of endowment for expenditure	<u>-</u>	<u>(14,118)</u>	<u>(14,118)</u>
Endowment net assets at December 31, 2022	<u>\$ 1,006,504</u>	<u>\$ 259,658</u>	<u>\$ 1,266,162</u>

Endowment net assets and changes in endowment net assets for the year ended December 31, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets at December 31, 2020	\$ 1,067,785	\$ 311,645	\$ 1,379,430
Contributions	14,522	-	14,522
Investment return, net	76,010	21,933	97,943
Appropriation of endowment for expenditure	<u>-</u>	<u>(13,522)</u>	<u>(13,522)</u>
Endowment net assets at December 31, 2021	<u>\$ 1,158,317</u>	<u>\$ 320,056</u>	<u>\$ 1,478,373</u>

Share, Inc. Notes to Financial Statements

Note 15 – Contributed Nonfinancial Assets

Contributed nonfinancial assets are as follows at December 31:

	<u>2022</u>	<u>2021</u>
Rent	\$ 325,191	\$ 168,922
Food	282,176	244,374
Gift cards	47,219	44,265
Advertising	40,860	4,030
Other	43,747	5,611
Shoes	-	123,441
	<u> </u>	<u> </u>
Total	<u>\$ 739,193</u>	<u>\$ 590,643</u>

The majority of contributed nonfinancial assets are rent, food, gift cards for fundraising purposes, advertising and other items the Organization utilizes to provide their services. The estimated fair value of these services is based on information provided by third parties and market prices. None of the contributed nonfinancial assets contain donor restrictions at December 31, 2022 or 2021.

The Organization receives in-kind rental relief from the Vancouver Housing Authority where Share operates two different facilities to house individuals and families. The value of this rent relief was approximately \$325,000 and \$169,000 for 2022 and 2021, respectively. The Organization receives substantially all food supplies from 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 \$282,000 and \$244,000 for 2022 and 2021, respectively. The continued availability of these food supply resources is essential to the Organization's program services. In 2021, the Organization received \$123,441 worth of shoes from a third party to disburse to individuals in need of assistance.

Note 16 – Commitments and Contingencies

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 17 – Retirement Plan

The Organization made available to its regular employees a Simple IRA (the "Plan") and matched eligible employee contributions to the Plan up to 3% of gross salary through December 31, 2021. Beginning January 1, 2022, Share will match eligible employee contributions to the 401 (k) Safe Harbor Plan up to 4% 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 \$107,569 and \$63,386 for the years ended December 31, 2022 and 2021, respectively.

Share, Inc.
Notes to Financial Statements

Note 18 – Concentrations

Revenue – 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.

Financial institutions – As of December 31, 2022 and 2021, the Organization's cash and cash equivalents were maintained with nine financial institutions in the United States, and current deposits in three of them are in excess of federally insured limits. On March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. If the financial institution with whom the Organization does business were to be placed into receivership, the Organization may be unable to access to the cash on deposit with such institutions. If the Organization is unable to access the Organization's cash and cash equivalents as needed, the Organization's financial position and ability to operate the Organization could be adversely affected.

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, 2022, 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 30, 2023.

Report on 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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*.

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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
May 30, 2023

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

Opinion on the Major Federal Program

We have audited Share, Inc.'s (Share or the Organization) compliance with the types of compliance requirements identified as subject to audit 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, 2022. Share's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Share complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Share and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of Share's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Share's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Share's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Share's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Share's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Share's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Share's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Share's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Share's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Share's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Share's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

A handwritten signature in cursive script that reads "Moss Adams LLP".

Portland, Oregon
May 30, 2023

Share, Inc.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

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? _____ yes no
- Significant deficiency(ies) identified? _____ yes none reported

Noncompliance material to financial statements noted? _____ yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes no
- Significant deficiency(ies) identified? _____ yes ___ none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes ___ none reported

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

<i>Federal Assistance Listing 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>
14.267	Continuum of Care Program	Unmodified

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

Auditee qualified as low-risk auditee? _____ yes no

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

FINDING 2022-001 – Period of Performance – Significant Deficiency in Internal Controls over Compliance and Instance of Non-Compliance

<i>ALN</i>	<i>Federal Agency/Pass-Through Entity – Program Name</i>	<i>Award Number</i>	<i>Award Year</i>
14.267	U.S. Department of Housing and Urban Development – Continuum of Care Program	N/A	2022

Criteria or specific requirement: A non-federal entity may charge only allowable costs incurred during the approved budget period of a federal award’s period of performance and any costs incurred before the federal awarding agency or pass-through entity made the federal award that were authorized by the federal awarding agency or pass-through entity (2 CFR sections 200.308, 200.309, and 200.403(h)). A period of performance may contain one or more budget periods.

Condition: We identified two instances in which expenses charged to the grant were outside of the period of performance.

Context: We selected 30 items from the entire Continuum of Care expenditure population for the year ended December 31, 2022. Of the 30 items selected for testing, two items were identified in which the underlying charge occurred prior to the period of performance.

Effect: Amounts were inappropriately charged to the grant.

Questioned costs: Amounts incorrectly charged to the grant totaled \$32.27, less than the questioned costs threshold of \$25,000.

Cause: For one of the transactions that was identified that had been charged outside the period of performance, the employee responsible for entering the expense and determining whether it should be included or excluded from the grant reimbursement request was later placed on a performance improvement plan due to errors in data entry. For both transactions, as of December 31, 2022, the grant award had not been closed out, and therefore had not yet been subject to the Organization’s control to review expenses charged in detail and remove those outside of the period of performance.

Repeat finding: No.

Recommendation: We recommend more training be provided to employees responsible for reviewing grant expenses as well as over the various compliance requirements to ensure expenses are only charged when within the period of performance. We further recommend management tighten up the review process to ensure expenses that are outside the period of performance are noted at the time of the initial review.

Views of responsible officials and planned corrective actions: Contracts charged for expenses outside of the period of performance have been credited for ineligible expenses. Share has provided additional training to accounting staff about the allowability of expenses being based on both contract criteria and the period of performance. Additionally, training was provided on key identifiers that could flag an exception in allowability based on period of performance, and how to catch this in the review of expenses. Additionally, training was provided on general ledgers transactions that require further review for period of performance allowability during monthly review of expenses prior to preparing invoices. Training included this being a specific area of focus for review during periods when a contract terms and a new contract starts. This training will be provided to all new accounting staff and will be incorporated as refresher trainings if upon review contract and grant administrator expense reviews identify this as being a continued issue by staff performing expense data entry.



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Contracts charged for expenses outside of the period of performance have been credited for ineligible expenses. Share's Director of Finance, Christopher Brox will provide training to accounting staff responsible for expense entry, expense review and approval, and invoicing by June 30, 2023, that include the following topics:

- Allowability of expenses based on both contract criteria and the period of performance.
- Key identifiers that could flag an exception in allowability based on period of performance, and how to catch this in the review of expenses.
- General ledger transactions that require further review for period of performance allowability during monthly review of expenses prior to preparing invoices. This training will highlight this being a specific area of focus for review during periods when a contract terms and a new contract starts.

This training will happen with all new accounting staff responsible for expense entry and review and will be incorporated as refresher trainings if contract and grant administrator expense reviews identify this as being a continued issue by staff performing expense data entry.

Supplementary Information

Share, Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Amounts Provided to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development Direct Programs:				
Continuum of Care Program	14.267	N/A	\$ -	\$ 864,042
Subtotal U.S. Department of Housing and Urban Development Direct Programs			-	864,042
U.S. Department of Housing and Urban Development Pass-through Programs From:				
CDBG - Entitlement Grants Cluster				
Clark County - Community Development Block Grants/Entitlement Grants	14.218	2111	-	41,157
City of Vancouver - Community Development Block Grants/Entitlement Grants	14.218	PRJ100400, PRJ100452, PRJ100453	-	73,382
Total CDBG - Entitlement Grants Cluster			-	114,539
Clark County - Home Investment Partnerships Program	14.239	21H4, 20H3	-	316,017
City of Vancouver - Home Investment Partnerships Program	14.239	PRJ100459, PFJ100602	-	85,995
			-	402,012
<i>Total U.S. Department of Housing and Urban Development</i>			-	1,380,593
U.S. Department of Health and Human Services Pass-Through Programs From:				
Washington Department of Health - Injury Prevention and Control Research and State and Community Based Programs	93.136	CBO25967	-	37,621
Southwest Washington Accountable Community of Health - National Organizations of State and Local Officials	93.011	G32HS42682-01-00	-	33,855
Clark County Health Assistance - Community Services Block Grant	93.569	CV04, 2022-CSBG-06	-	139,834
Subtotal U.S. Department of Health and Human Services Pass-Through Programs			-	211,310
<i>Total U.S. Department of Health and Human Services</i>			-	211,310
U.S. Department of Agriculture Pass-Through Programs From:				
Washington Office of Superintendent of Public Instruction - Child and Adult Care Food Program	10.558	159548	-	18,359
Child Nutrition Cluster				
Washington Office of Superintendent of Public Instruction - Summer Food Service Program for Children	10.559	159548	-	48,131
Total Child Nutrition Cluster			-	48,131
<i>Total U.S. Department of Agriculture</i>			-	66,490
Total expenditures of federal awards			\$ -	\$ 1,658,393

See notes to schedule of expenditures of federal awards.

Share, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

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, 2022. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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.