



City of Seattle  
Edward B. Murray, Mayor

**Human Services Department**  
Catherine Lester, Director

December 1, 2015

Michele Marchand  
Organizer  
Seattle Housing and Resource Effort  
PO Box 2548  
Seattle, WA 98111

Dear Ms. Marchand:

I would like to thank you for your cooperation during the Seattle Human Services Department's (HSD) recent fiscal review of Seattle Housing and Resource Effort (SHARE). The purpose of the comprehensive fiscal review, conducted by HSD Fiscal Auditor Efren Agmata, is for HSD to gain understanding of the fiscal health of your agency and get a level of assurance that contract funds are being expended in a manner consistent with our contract agreement, relevant to federal regulations, and Office of Management and Budget Circulars. It is our hope that this level of HSD monitoring culminates in positive conclusions regarding our contract recipients' handling of the involved funds.

The HSD fiscal review was conducted on October 20, 2015. The entrance interview was held with you, Mr. Neal Blum, Administrator, Mr. Jarvis Capucion, Boardmember, and Mr. Gary Eyerly, SHARE II member. During the visit, documentation were provided that allowed Mr. Agmata to review a number of areas, including organization administration, reporting requirements, financial systems, documentation, allowability, allocability and compliance with the funding sources and contract agreements. The result of the review is summarized on the table below:

AREAS EXAMINED	SATISFACTORY YES / NO / NA
Organization/Administration	
A. Organizational Structure	Yes
B. Board of Directors/ Governance	Yes
C. Organizational Policies and Procedures	Yes
Reporting Requirements	
A. Contract Reporting	Yes

B. Insurance	Yes
Financial Systems	
A. Organizational Activity	Yes
B. Accounting Systems	Yes
C. Budgetary Controls	Yes
D. Cost Allocation/Indirect Cost Plan	Yes
E. Cash Management	Yes
F. Bank Reconciliations	Yes
G. Payroll Disbursements	Yes
H. Disbursement Process	Yes
I. Petty Cash	Yes
J. Travel	Yes
K. Consultant/Subcontracting	Yes
L. Purchasing and Procurement	Yes
M. Fixed Assets (Property and Equipment)	Yes
Information & Communications	
A. Accounting Methods	Yes
B. Financial Statements and Reports	Yes
C. Monitoring the Controls	Yes
Compliance Requirements	
A. Activities Allowed or Un-allowed	Yes
B. Allowable Costs/Cost Principles	Yes
C. Matching	Yes
D. Reporting	Yes
E. Program Income	Yes

In 2015, SHARE received general funds, per two HSD-funded contracts, for the programs detailed in the table below.

PROGRAM NAME	SERVICES
SHARE Shelter Program	SHARE Shelter Program includes a network of indoor shelter programs, a locker storage program and the SHARE II Program. SHARE shelters are located throughout Seattle and utilize space at faith based and community organizations. The program utilizes a self-management model intended to promote dignity, self-respect, empowerment and leadership development among participants.

WHEEL Women's Shelter	The Women's Shelter is operated by the Women's Housing Equality and Enhancement League (WHEEL) and provides basic – mat on floor emergency shelter for women, many of whom face multiple challenges.
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The two HSD-funded contracts were:

CONTRACT NUMBER	PROGRAM	CONTRACT PERIOD	PROGRAM SPECIALIST	CONTRACT AMOUNT
DA15-1392	SHARE Shelter Program	01/01/15-12/31/15	Mary Flowers	\$308,581.00
DA15-1524	WHEEL Women's Shelter	01/01/15-12/31/15	Mary Flowers	\$266,995.00
				\$575,576.00

#### **I. SUMMARY OF FINDINGS:**

##### **Contract Agreement Review:**

The results of the contracts examined were no concerns were noted.

CONTRACT NUMBER	CONTRACT PERIOD	CONTRACT AMOUNT	HSD PAYMENT	CONTRACT BALANCE	PAYMENTS AS OF
DA15-1392	01/01/15-12/31/15	\$308,581.00	\$233,878.45	\$74,702.55	09/30/15
DA15-1524	01/01/15-12/31/15	\$266,995.00	\$199,699.50	\$67,295.50	09/30/15
		\$575,576.00	433,577.95	\$141,998.05	

##### **Review of Board Minutes:**

SHARE Board members discusses a variety of topics ranging from shelter reports, program updates, finance and infrastructure concerns, grant writing and proposals, encampment issues and other topics on a weekly basis.

##### **Review of Master Agency Services Agreement:**

HSD has SHARE's 2009 signed MASA on record. SHARE indicated that they submitted a 2012 MASA agreement, however there is no record available from either HSD or SHARE. As discussed with Mr. Agmata, you concurred with reporting requirement as stated in Section 240 of the MASA on audit reporting requirements.

##### **Review of Financial Statements Reports:**

1. HSD has SHARE's December 31, 2011, financial statements report, as prepared by Steven A. Issacson, CPA, which was conducted in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants (AICPA). At the time of the review, there were no reportable conditions or instances of noncompliance required to be reported.

2. HSD did not receive an audited financial report from SHARE. SHARE did not conduct an audit for fiscal year ending December 31, 2012.
3. HSD received the December 31, 2013 audited financial statements report and 2014 unaudited balance sheet and income statement reports on September 24, 2015.
  - a. A review of the 2013 audit report indicated that SHARE was distressed financially with a deficit cash and unrestricted assets balances.
  - b. A review of the 2014 unaudited balance sheet and income statement reports indicated that SHARE's financial health became worse. SHARE continued to operate in the red with a deficit cash balance of \$67,000, debt of \$36,000 and no liquidity to speak of.
4. HSD received the December 31, 2014 draft audited financial statements report and Form 990 on October 20, 2015. As stated previously, SHARE financial health as of December 31, 2014 was unstable with deficit cash and unrestricted net asset balances.
5. HSD received the unaudited October 2015 balance sheet, dated October 27, 2015, and income statement dated October 29, 2015. SHARE's is fully aware of their financial health and continues to address it amidst declining revenues and increasing debt.
  - a. Loss of revenue: SHARE has experienced funding cuts and loss of revenue the past few years.
    - i. 2015 King County funding was cut;
    - ii. 2015 FEMA funds has not been available;
    - iii. In 2015, anticipated receiving \$50,000, approved by City Council, of funding for existing encampment shelters;
    - iv. Despite ongoing efforts, partnership with United Way has not materialized;
    - v. 2015 Satterberg Foundation grant ended;
    - vi. 2015 fundraising efforts has not been as successful as expected; intends to conduct direct mail and a Christmas event to generate funds;
    - vii. 2015 grant applications has yet to generate results
  - b. Debt balances: Due to funding cuts and loss of revenue, SHARE has struggled to make ends meet to pay expenses resulting in increase of debt balances.
    - i. Honeybucket balance: SHARE has restructured this debt balance by paying \$5,000, in addition to its existing monthly balance. This debt balance is expected to be satisfied and fully paid by December 31, 2015.
    - ii. Payroll taxes: SHARE has addressed the deficit balance in payroll taxes and is current to date.
    - iii. Loan payable to Catholic Community Services: SHARE has an existing \$10,000 loan balance which they need to settle and satisfy.

- iv. Other existing debt balances: vendor balances and operational expenses are satisfactory.

**II. RECOMMENDATIONS AND CORRECTIVE ACTIONS:**

Recommendations:

1. HSD to update SHARE Master Agency Services Agreement.
2. SHARE to continue mitigating loss of revenue streams and funding cuts; inform HSD program staff as necessary.
3. SHARE to continue fundraising efforts and compete for grants.
4. SHARE to address increase in operational costs to avoid incurring additional debt.
5. SHARE to submit Form 990 as a placeholder until the current fiscal year audit is completed.

Corrective Actions:

No corrective actions at this time.

HSD appreciates the assistance and cooperation provided by you and the SHARE members during the fiscal review process. If you have any questions or need further clarification, please contact Efren Agmata at 206-684-0649 or [efren.agmata@seattle.gov](mailto:efren.agmata@seattle.gov).

Sincerely,



Jason Johnson, Deputy Director of Services and Strategy  
Human Services Department

cc: Neal Blum, Jarvis Capucion, Gary Eyerly, SHARE  
Christine Scarlett, Interim Deputy Director Administrative Operations, HSD  
Sola Plumacher, Interim Division Director, Community Support and Assistance (CSA)  
Adrienne Easter, Program Manager, CSA  
Mary Flowers, Program Specialist, CSA  
Charles Liyab, Budget and Finance Manager, HSD  
Abdiwali Mohamed, Accounting and Audit Supervisor, HSD