BACKGROUND ON THIS REPORT

This independent evaluation was commissioned at the request of several community groups and leaders to conduct a fact-finding inquiry into the hotel program started by the Lived Experience Coalition and supported by funders of We Are In, the intermediary that provided significant financial resources to keep people housed in the hotel units until King County and the state were able to secure emergency funding. Ultimately, the funders acknowledge that the newly established regional approach that brings community, philanthropy and government together worked: a mistake was identified, and the crisis was solved. However, there is also a deep interest in learning what went wrong and how to prevent such a crisis from happening in the future.

In early May, after consulting on a scope with the City, County, King County Regional Homelessness Authority, philanthropy, and organizations involved with the program, we contracted with Courtney Noble to conduct an inquiry into the multiple systems challenges that allowed this to happen.

We want to be clear that this was not intended to be the following:

- *a forensic audit completed by an accountant*
- *recommendations on how funding (either public or private) should be directed in the future*

The report focuses on the timeline of events, establishment of the facts as each involved party sees it, the internal controls and systems that contributed to the overspend, and recommended next steps on systems improvement and accountability. It is our intention that this report helps our community move forward and make changes that will prevent a crisis like this from happening again.

REVIEW OF THE OVERSPEND OF THE HOTELING PROGRAM

DATE: SEPTEMBER 1, 2023

PREPARED BY: COURTNEY NOBLE, INDEPENDENT CONSULTANT

SCOPE: To conduct an inquiry into the overspend of the hoteling program managed by the Lived Experience Coalition and the internal controls and systems challenges that contributed to the overspend. The full scope of work, including a list of questions developed by a group of public and private funders, is attached as Appendix A.

GOALS: To establish an agreed upon set of facts and make recommendations for future process improvements.

NOTE ON SCOPE: This report is not a fiscal audit, and limited financial materials were shared by participants. No assessment is provided as to accounting practices or professional liability, and recommendations do not address how funding should be directed in the future.

NOTE ON LANGUAGE: The Lived Experience Coalition is an advocacy group that bases its activities and strength in shared power and collective action. LEC Executive Director LaMont Green (Green) describes his role as communicating decisions made by the coalition. To respect that structure, decisions herein are attributed to LEC when they were communicated by Green, although for the most part, we did not have visibility into the discussions and decisions that occurred at the coalition level.

ACRONYMS:

BC	Building Changes
EFSP	Emergency Food and Shelter Program
FEMA	Federal Emergency Management Authority
KCRHA	King County Regional Homelessness Authority
LEC	Lived Experience Coalition
UWKC	United Way of King County

EXECUTIVE SUMMARY:

The critical factors leading to the hoteling overspend were:

1. **Capacity**. LEC did not have the capacity to run a direct service program of this scale. They lacked the necessary bandwidth to administer the program while also addressing the human crises of hotel guests. Compounding this problem, BC did not have sufficient capacity to manage the exponential growth in accounting functions necessitated by the launch of the hoteling program.
.
2. **Financial Responsibility**: Both BC and LEC should have had better financial oversight in place. LEC's financial management was hampered by a lack of communication from BC, but also demonstrated the absence of internal planning and monitoring.

3. **Coordination.** Better coordination between KCRHA and LEC was necessary and possible, but failed to occur due to personalities and expediencies.

There are some decisions that were made surrounding the hoteling program where people who shared a common desire to help their houseless neighbors disagreed on strategy. Some fundamental disagreements that emerged through the hoteling program were between:

- Urgency versus resource maximization: LEC wanted to immediately move people off of the streets; system partners would have delayed launching the program to master lease hotels and negotiate lower rates to shelter more people.
- Short term shelter versus permanent placement: LEC believed many people on the streets would value a temporary respite in a motel; KCRHA's Partnership for Zero program seeks permanent housing destinations and contends temporary hotel

placements inadvertently created more trauma and disruption for a vulnerable population.

  - LEC as an advocacy group versus LEC as a direct service provider: LEC is a group with autonomy that can and did make this decision on their own, thoughtfully and deliberately. They are now experiencing the consequences of those decisions.

In some cases, conflicts over these approaches escalated due to history, personality and ego. This report focuses on the objective errors that led to the overspend, rather than on subjective disagreements where rational actors came to different conclusions based on their unique perspectives. It is worth noting, however, that the differences of opinion on subjective matters escalated the objective shortcomings and made it more difficult for the community to rapidly and effectively address those failings.

As a final note, the relationship between LEC and KCRHA has undergone extensive damage both prior to and related to this project. The litany of grievances on both sides is long, and restoring the functionality of that working relationship will take time and attention. The hoteling crisis has shown us the interdependency of the two organizations, but interdependency cannot succeed without trust and transparency.

Key Conclusions:

- FEMA EFSP funds are designed for existing programs. As implemented, this was not an existing program, and should not have been eligible for this funding.
- LEC quickly and effectively sheltered hundreds of houseless individuals with compassion and urgency, while building the power base of people with lived experience. Yet running a direct service program of this scale requires significant administrative infrastructure, which LEC did not have.
- Both BC and LEC have admitted to capacity limitations that made it difficult to attend to the necessary administrative functions associated with the hoteling program. These limitations compounded each other to allow the hoteling overspend to grow unchecked.
- Structural forces pushed both LEC and BC to take on projects that exceeded their bandwidth: BC was reluctant to serve as a fiscal sponsor but stepped up when no other partner would, and LEC knew it had capacity limitations that would make running the hoteling program a stretch but, after many years of unstable grant funding, felt compelled to accept the opportunity.
- Resource scarcity within LEC makes it impossible for them to staff up appropriately, and for them to truly function as advocates for system change, as they remain dependent on funding from the system to do their work.
- Overlapping board membership by LEC members creates the appearance of self-dealing and foments suspicion within the community.
- Even with a fiscal sponsor, LEC should have monitored its own budget and had a better plan in place to wind down the program or secure additional funding. Although a lack of information from BC made these duties more difficult, it does not absolve LEC of these responsibilities. The primary, urgently held goal of housing individuals was prioritized above fiscal management.
- This incident caused reputational damage to many organizations and the entire system in large part due to distrust and hostility stemming from personal conflicts.

- KCRHA feared but did not know of issues within the hoteling program, and lacked a mechanism to intervene. KCRHA cannot control every program serving people experiencing homelessness in our community, but could have coordinated better in this case.

Recommendations:

Granting of funding:

- The EFSP local board should accept joint funding applications only when signed by all project partners or require letters of support from agencies named in applications.
- The EFSP local board should limit the number of members from a single organization.
- The EFSP local board should closely attend to inconsistencies between program budget proposals and actual expenditures.
- The EFSP local board should consider requiring grantees to participate in HMIS.
- KCRHA staff should participate in the local EFSP board. They will need to apply and receive approval from the current board to do so.
- KCRHA could support UWKC's administrative oversight of the funding. The role requires 200-250 administrative hours annually, and receives minimal funding support from EFSP.

Program management:

- Although KCRHA wasn't funding the hoteling program, they were supporting LEC through another grant. HMIS participation could be mandated for any KCRHA-funded entity that is or begins delivering services, rather than by program.

Fiscal management:

- Fiscal sponsorship is not the right model for an entity of the size, culture and complexity of LEC.
- LEC should not run programs until it has the administrative capacity to attend to necessary functions.

Systems planning:

- There are many fractured relationships, historical grievances and mistrust between parties. Some sort of mediation or reconciliation is necessary between KCRHA, BC and LEC.
- KCRHA and private funders should do some self-reflection on what they hope to achieve in funding LEC, and attend LEC meetings.
- KCRHA should reconsider ways for people with lived experience to meaningfully engage in KCRHA both as part of and outside of LEC.
- LEC leadership should review their participation on outside boards for actual or perceived conflicts of interest.

TIMELINE:

(On next page.)

2020
BC becomes fiscal sponsor for LEC

2021
January: Daniel Zavala becomes new ED of BC

December: CFO for BC retires. BC Controller becomes new lead finance contact for LEC

2022
March 16: Daniel Smith begins as Director of Operations at LEC

October: LEC votes to become its own 501c-3 organization

December 2: BC informs KCRHA and LEC of overspend on KCRHA grant by $371,000

December 7: BC informs LEC of launch of impending fiscal and legal due diligence process to review each of BC's fiscally sponsored organizations

December 13: LEC registers to operate as a business in WA

2023 Jan - Feb
January 18: BC launches due diligence process

January 24: LEC emails BC declining to participate in due diligence process

February 2: BC sends notice of third party investigator to conduct due diligence to LEC

February 16: BC sends "Letter of Concern re: Noncompliance with BC Fiscal and Legal Due Diligence" to LEC

February 27: BC Due Diligence report completed, recommending that BC exit the fiscal sponsorship relationship with LEC

2023 March
March 8: KCRHA and LEC meet to discuss 2023 LEC budget

March 9: BC sends "Notice to Transition LEC from Building Changes" to LEC, ending fiscal sponsorship effective April 8, 2023. Shortly after receipt, LEC asks BC to reconsider. BC and LEC begin negotiating a MOA that would extend the fiscal relationship for 4-6 months, while transitioning legal and financial management responsibilities to LEC.

March 13: LEC sends 2023 budget proposal to KCRHA, which includes $2 million request for hoteling program, to be funded jointly by WAI and KCRHA

March 30: KCRHA decides to pause on executing FY 23 contract until it receives additional details on LEC contracts, overspending and financial controls

March 31: LEC and BC continue to negotiate on MOA to extend fiscal sponsorship period, but tensions between the two organization escalate

2023 April - June
April 4: BC sends "Notice to Terminate LEC from BC" effective immediately

April 7: LEC replies to BC's Notice to Terminate, urging BC to reconsider this decision. LEC is frustrated by this abrupt change from prior discussions, and perceives it as personal and punitive.

- BC explains the pivot as part of their ongoing risk assessment.

May 9: KCRHA terminates Memorandum of Agreement to jointly manage the Ombuds office with LEC. KCRHA cites the termination of LEC's business relationship with BC as the cause for this termination.

May 16: KCRHA CEO Marc Dones announces resignation

Related Events ↑

Hoteling Program ↓

2022
March 8: EFSP Board passes a motion for LEC, UWKC and KCRHA to strategize on how to use $1 million in FEMA EFSP funds

March 24, 25 and 28: LEC holds a series of meetings considering the EFSP funding. LEC members are enthusiastic about the opportunity to build power and create systemic change, but concerned about capacity.

April 5: EFSP board approves LEC's funding proposal

April 11: LEC is awarded $1 million in FEMA funds, to be spent by March 31, 2023

August 10: First half of EFSP funding received by BC/ LEC

October: KCRHA offers HMIS training and technical assistance to LEC for hoteling program. LEC declines.

October-December: conflict around fiscal processes involving the hoteling program and tension between LEC and BC staff escalate. LEC staff repeatedly request financial reports from BC.

2023 Jan - Feb
January 12: LEC submits an interim report to EFSP for period between November 2021 and January 1, 2023 showing 97 households served and $224,082 spent

January 19: LEC and KCRHA System Advocates establish placement and referral process

January 23: Green requests connection to BC board chairs to raise concerns about accurate and timely financial reporting

January 31: BC/ LEC receive second half of FEMA award

2023 March
March 14: LEC Director of Operations notifies Green that LEC appears to be $213,959 overspent as of March 5, and projecting an overspend of $332,200 by March 14

March 17: BC Controller provides LEC with a financial report projecting that LEC will end March with a cash balance of $26,650. BC alerts LEC that they will need to begin moving people out of hotels or securing additional funding contracts ASAP.

March 21: Green informs BC they are responding to the potential overspend by (i) seeking issuance of new contract with KCRHA, (ii) approaching WAI for $1.34 million to cover 2023 LEC budget, (iii) approaching private foundations for immediate support, and (iv) slowing down the hoteling project

March 24: BC informs LEC that they have overspent by $738,927. Green informs WAI and KCRHA that LEC is in "crisis with cash flow" and requests commitment letters so BC will continue to pay bills.

March 27: BC and LEC confer about funding committed from KCRHA and WAI and make plans to transition hotel guests by end of month if additional funding isn't secured

March 28: KCRHA, BC and LEC collaborate to more accurately calculate overspend, daily burn rates and wind down costs.

- KCRHA orders System Advocate referrals into the hoteling program cease
- UWKC indicates it will allow LEC to use $150,000 in funding from Street to Home for hotel overages

March 30: WAI allocates $1 million to the outstanding LEC hotel invoices, designed to cover outstanding and projected expenses until 4/7/2023

March 31: KCRHA requests data on hotel guests from LEC

2023 April - June
April 3: LEC refuses to provide master list of guests to KCRHA until releases of information are secured from guests. LEC begins pursuing those, while KCRHA connects with case managers from other organizations with guests in hotels.

April 6: Disputes between LEC and KCRHA on data sharing continue

April 10: WAI formally approves $1 million grant for hoteling overages

April 10: Publicola publishes story on the overspend

April 11: In response to email from Green that LEC is successfully facilitating exits from hotels, DM Washington directs KCRHA to stand down

April 12: LEC requests that KCRHA come onsite to support the remaining hotel guests

April 14: LEC posts 24 hour notices on doors of hotel guests indicating that KCRHA is assuming the hoteling program and requesting consent to share guest information with KCRHA

April 14: KCRHA takes over administration of hoteling program to exit guests to permanent destinations using system assets like coordinated entry and System Advocates, and securing new resources

June 30: Transition of hotel guests by KCRHA team and partners is completed

I. GRANTING OF FUNDING

1. Establish a timeline and basic analysis of the hotel program, including when it was established, who approved it, the identified project budget, deliverables/major milestones, and reporting requirements.

Basic Analysis

In April, 2022, UWKC learned it was to administer $3.9 million dollars from FEMA's Emergency Food and Shelter Program (EFSP). UWKC has coordinated the allocation of these funds on an annual basis since the mid-80's, but this funding amount was much larger than prior years due to additional American Rescue Plan Act COVID funds. For comparison, in fiscal year 2020 UWKC had administered $1,035,588 in EFSP funds.

EFSP funding is allocated by a local board, for which UWKC provides administrative support. At the time of this grant decision, the EFSP board consisted of 19 members, five of whom were LEC members. It is not unusual for the EFSP board to made up of service providers and community members with lived experience, but this was an unusually high concentration of individuals from a single organization.

On March 3, 2022, at the local EFSP board's direction, staff from KCRHA, UWKC and LEC met to discuss a potential project to be funded with EFSP dollars addressing unsheltered homelessness in downtown Seattle. On March 24, 25 and 28, LEC held a series of coalition meetings to review the opportunity with an antiracist strategy chart for clarity and decision making. LEC members were enthusiastic about how the funding could help build power and create systemic change, but concerned about capacity. LEC then developed a funding application that they submitted to the EFSP board.

The proposal lists KCRHA and TC Spirit Development as partners in the project, with goals to "expand motel/hotel assistance, bridge/crisis housing, and nutritious food to assist our unhoused neighbors living outdoors."

The proposal was signed by Green, on behalf of LEC, but not the other partners, and no letters of support were provided. KCRHA disputes that their leadership supported the proposal, though there was at least some awareness of the proposal within KCRHA staff.

Deliverables

Outcomes enumerated in the proposal are:

- "Provide bridge/crisis housing to 80 unhoused households monthly (includes both bridge/crisis housing and motel/hotel at maximum inclement/emergency capacity)
- 14,000 hot nutritious meals served monthly
- 500 unduplicated individuals and families receiving food bank, housing, vaccine, leadership development, supportive employment, social/emotional support, advocacy, peer-to-peer support, and other resources monthly"

Budget

The total $1 million budget from the proposal allocates:

- $135,000 for served meals
- $135,000 for mass shelter
- $625,000 for hotel/motel stays
- $85,000 for supplies/PPE
- $20,000 for administration

Reporting Requirements

Recipients of EFSP funds are required to supply an interim report and a final report. These reports are submitted directly to EFSP through an online portal, with a copy provided to UWKC for review by the EFSP board.

LEC successfully submitted an interim report to EFSP in January 2023. Completion of this report was necessary to release the second half of their EFSP funds. The report required LEC to collect and submit:

- Name of guest
- Dates of stay
- Vendor name (in this case, the hotel)
- Invoice date
- Invoice amount
- Invoice number
- Payment/ check number
- Payment/ check date
- Payment/ check clear date
- Total check amount
- EFSP portion of check amount

The interim report submitted to EFSP showed that 97 households had been placed in hotels at the cost of $224,082. Contrary to the proposal provided to the EFSP board, no funding was spent on meals, mass shelter, or supplies/PPE.

2. What other fund sources were dedicated to this program? Were additional funds used that were not originally dedicated?

As only 2% of EFSP funds may be used to cover administrative costs, UWKC granted an additional $130,000 to LEC/BC for additional administrative costs for the project. Eventually in April 2023 when the overspend crisis emerged, LEC would also receive $150,000 in emergency funding from UWKC's "Street to Home" program and $1 million from We Are In to cover the overspend in the hoteling program.

Some of the operating support provided to LEC through its KCRHA/We Are In contract also indirectly contributed to the hoteling program, in the form of community organizer stipends. Community organizers were active in raising awareness and referring guests into the hoteling program.

3. What criteria was used to select LEC for this grant from the Emergency Food and Shelter Program (EFSP) and how are these funds generally allocated? What were the documented expectations?

The EFSP Guidebook states: “Local Boards are convened in those qualifying jurisdictions to determine the highest need and best use of funds and to select Local Recipient Organizations (LROs) that will provide emergency food and shelter services. Each year, needs are to be assessed to respond to changes in the community.” In response to this charge, the local EFSP board has developed the following rubric to evaluate applications:

o Organizational Mission and Use of Funds:	10 points
o Predominant Geographic Region served in King County	5 points
o Percentage breakdown of population served by race	5 points
o Explanation regarding how you serve BIPOC participants	5 points
o Percentage breakdown of US Veterans served	5 points

Each application is reviewed and scored by at least three board members. The EFSP board confirms that this process was followed for the LEC application. The EFSP board also confirms that any EFSP board members involved with LEC recused themselves from reviewing or voting on the proposal. During this funding period, $3.9 million dollars in EFSP funds were available, and a total of 34 grants were offered to King County serving/based providers.

Since LEC’s application represented a larger amount of funding than what was usually granted by the EFSP board, the board invited Green to attend a separate review session in which he answered questions from the board.

The local board’s responsibilities for competitive grant process includes verifying an applicant agency’s services. The EFSP Guidebook instructions to new applicants provides “Please be reminded that EFSP funds are supplemental funds for existing programs and at no time should these funds be used to attempt to fund a new program or project." In this case, the EFSP board had no concerns that the proposal from LEC failed to meet these requirements. The board believed that LEC’s proposal described LEC’s partnership with both KCRHA and TC Spirit Church persuasively, and that this was evidence that EFSP funds would supplement existing community efforts to house people temporarily. The proposal also indicated that LEC had been providing outreach, hotel/motel vouchers, food and warm hand-offs to housing and service providers in a mostly voluntary, unpaid capacity for the last year. The EFSP board was “acutely aware than we were in the midst of a pandemic with multiple unknowns and that the community needed hundreds of people to be moved indoors quickly where they could be safe, free from the outdoor elements and separated from others.” The EFSP board also believed it was “clear that KCRHA supported the LEC’s proposal.”

The EFSP guidebook also provides that “the Local Board sets its own funding criteria, assesses community needs, advertises funding availability, makes award determinations, reports on the funded agencies to the National Board, and monitors expenditures and program compliance.” The local board met all of these requirements, meeting generally four times a year to review the progress and completion of each award. The board concentrates on how EFSP funds were spent, documented (with a receipt, invoice and cancelled check) and reported to the national board.

4. **What was UWKC’s expected role in oversight of this funding, if any? Did they follow them? How were the decisions made by the Emergency Food and Shelter Program Board and what oversight are they expected to have? Did they follow them? What are the reporting requirements for this grant, including those from FEMA and the EFSP board?**

UWKC Role

Pursuant to a relationship that has been in place between United Way Worldwide and FEMA for 40 years, local United Ways like UWKC administer local EFSP funding. UWKC staff provide administrative support for the funding process, but UWKC does not directly manage the money. EFSP funds do not come through UWKC's bank account, and grant reports are outside of UWKC's regular grant process. UWKC absorbs most of the staff costs for work on the local board.

Reporting info from agencies receiving EFSP funds are uploaded into EFSP portal and the local board administrator (UWKC staff) has an opportunity to review it.

UWKC staff reviewed LEC's interim report, and kept in regular contact with Green. Wayne Wilson, EFSP Local Board Administrator and UWKC designated EFSP representative, regularly sat on LEC weekly leadership calls to stay informed of LEC's progress on the grant and everything else related to LEC as a designated UWKC funded partner.

Funding Period and Reporting Requirements

The spending period for the funds received by LEC were initially designed to be spent between April 1, 2022 and December 15, 2022 with a final report due six weeks later on January 31, 2023. However, based on the time that it took for the National EFSP Board to process the Local Board Plan the spending deadline was ultimately extended to March 31, 2023, and then again to December 31, 2023.

See response to question 1, above, regarding the interim report. The final report is still not available to be completed/submitted through the EFSP portal.

GRANTING OF FUNDING: ANALYSIS AND RECOMMENDATIONS

The EFSP program exists as a solitary process outside of mainstream funding systems, including UWKC's. Due to the small dollar amount typically associated with the program, and the unique requirements associated with it, it is burdensome to manage and impossible to roll into other funding streams. For this reason, it existed for many years as a standalone funding source, often used to support large service providers, but also used to fund some food and shelter programs that wouldn't be eligible for other funding streams.

There may be value in having some funding available to the community that can be accessed by a broader pool of applicants than mainstream system resources, if done with proper oversight and support. As a generally hands-off process, EFSP should not serve this function. Yet, in this case, EFSP local board administrator/ UWKC staff person Wilson was actively engaged with LEC on an ongoing basis. In spite of this ongoing engagement, neither Wilson nor the EFSP local board raised concerns about KCRHA's disinvolvement from the program, or the fact that LEC's interim report to EFSP did not match the program proposal.

In its decision-making process to pursue the funding, LEC members struggled to balance limited capacity versus present opportunity, as well as fear of public failure. Ultimately, however, LEC was in resource scarcity mode and poorly situated to decline funds for what one member deemed an opportunity for services "without top-heavy leadership, which is a rare commodity."

The composition of the EFSP board is problematic, and it's probable the neutrality of the board was compromised as applied to the LEC application process. While LEC members may have recused themselves from voting on or scoring the LEC proposal, the board specifically invited LEC to apply for funds, and Green attended EFSP Local Board meeting to discuss the proposal. These procedures create the appearance of self-dealing and are inconsistent with the EFSP Local Board's typical practices, though they do not violate enumerated board responsibilities or duties.

Recommendations:

- The EFSP local board should accept joint funding applications only when signed by all project partners or require letters of support from agencies named in applications.
- The EFSP local board should limit the number of members from a single organization.
- The EFSP local board should closely attend to inconsistencies between program budget proposals and actual expenditures.
- The EFSP local board should consider requiring fund recipients to participate in HMIS.
- KCRHA staff should participate in the local EFSP board. They will need to apply and receive approval from the current board to do so.
- KCRHA could support UWKC's administrative oversight of the funding. The role requires 200-250 administrative hours annually, and receives minimal funding support from EFSP.

II. PROGRAM MANAGEMENT

1. **What was the process for referring people into the program? How were folks identified (from LEC staff, volunteers, other service providers, etc.)? Who determined placement into the program was an appropriate placement? What level of ongoing support was provided to the folks in the program & who was responsible for providing it?**

Starting in March of 2022, LEC began sharing information about the program at its coalition meetings and with its leadership team. Word spread, and referrals eventually came in through LEC community organizers, Partnership for Zero Systems Advocates, encampment removals from outside of the Partnership for Zero zone, and other community partners. Referrals would come in to two LEC staff people, Director of Operations Daniel Smith or Director of Community Engagement and Outreach Maria Arns. Each hotel had different parameters, so Smith and Arns would work with the referring partner to gain information about the individual and identify an appropriate placement. Arns would meet arriving guests with their case manager at the hotel. Each guest would sign an agreement with the hotel, and were on a week by week contract. All guests were required to be literally homeless at the time of referral.

LEC did not claim to provide case management, but saw themselves as advocates with resources: they connected guests to 211 and partner organizations, and encouraged guests to continue working with existing case workers. In their EFSP proposal, LEC stated "Having a safe, stable and warm place to stay provides a launching pad for LEC to connect folks with service providers to obtain permanent supportive housing, rapid rehousing, tiny home, or some other intervention that takes them off the streets…"As part of their advocacy to build power among people with lived experience, LEC also successfully recruited hotel guests to join LEC weekly meetings. This was part of LEC's stated goal in their EFSP application that "we do not intend to assimilate or parrot methods of the current non-profit industrial complex but to demonstrate that racially marginalized and historically disenfranchised communities do not need programming but their power back."

LEC did provide emergency support to hotel guests and hotel staff. They were available 24 hours a day by phone, and responded to requests within 15 minutes.

2. **How was data tracked for the program? Were any steps taken to get the program into HMIS? Why wasn't this program entering data into HMIS?**

Hotels provided a daily sheet of guests to Arns, who verified the data. Hotel bills, produced weekly, were reviewed by LEC staff, who often caught duplicate and incorrect charges.

To comply with the reporting requirements for EFSP, LEC had to collect names, age ranges and race for people in each hotel on any given night. As noted above, in January of 2023 LEC successfully compiled and submitted this data to EFSP for the program period 11/21 to 12/22.

In October 2022, KCRHA approached LEC and offered training and technical assistance to ensure the hoteling program was in HMIS. LEC declined, and had four justifications for their decision not to participate in HMIS: (1) that their hotel guests had a distrust of systems and LEC staff didn't want to gather data and retraumatize them; (2) LEC was an advocacy group, not a service provider, so it did not make sense for them to use HMIS; (3) most hotel guests already had caseworkers, who would be the appropriate people to enter HMIS data; and (4) time was of the essence, and setting up HMIS capacity would slow down the speed at which they were bringing people inside to safety.

KCRHA wasn't funding the hotel program, so couldn't require HMIS participation, nor was HMIS utilization a requirement of the EFSP funding. KCRHA staff expressed concerns about LEC's refusal to participate in HMIS, and elevated the issue internally.

Each year in April, HUD requires that the Continuum of Care include information from Non-Participating HMIS agencies in its annual Point in Time (PIT) count. KCRHA requested this information from LEC for the hoteling program at several points between 2/17/23 and 4/9/23. LEC only ever provided incomplete data. This may have been related to some LEC members' reservations about the PIT count methodology, or it could have been a reflection of LEC's unwillingness or limited capacity to provide even minimal data for coordinated community efforts.

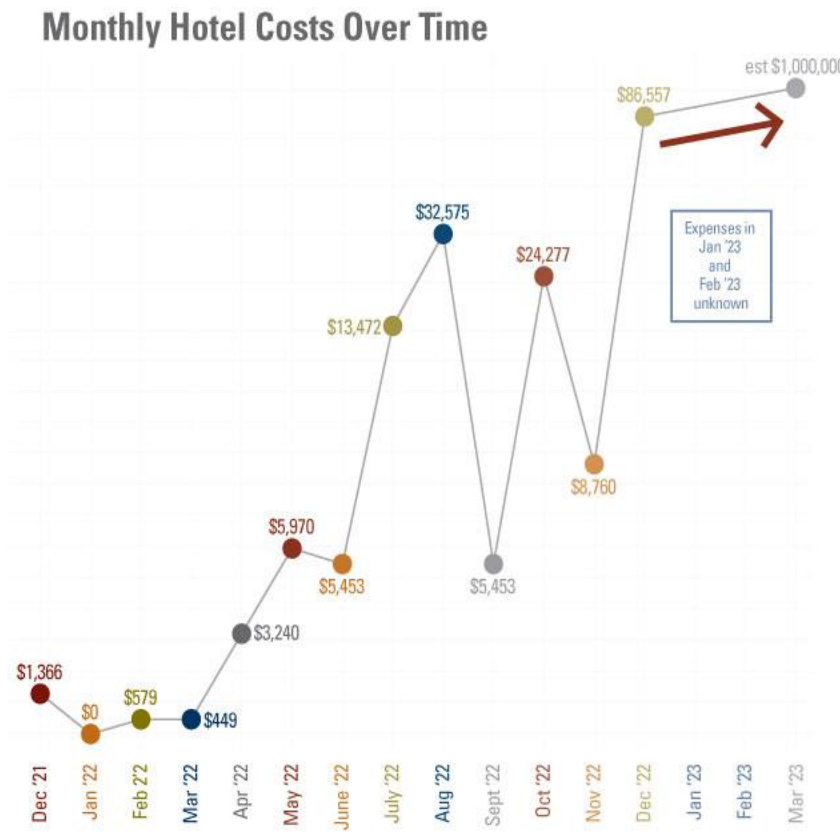
3. **How and how many referrals were made from Systems Advocates from the KCRHA?**

As part of its work to center people with lived experience, many of the KCRHA Systems Advocates have lived experience, and are connected to LEC and became aware of the hoteling program. Without direction from KCRHA leadership, Systems Advocates began referring people into the hoteling program. We Are In had dedicated flexible funding reserved for Systems Advocates, but were insisting that Systems Advocates use all available community resources, including the LEC hoteling program, before flexible funds.

KCRHA states that Systems Advocates were referring guests into the hoteling program between November 30, 2022 and March 28, 2023 when leadership was made aware of the referrals and ordered them to cease. During this window 121 Systems Advocates households were referred into the hoteling program.

4. **What was the cash flow of this program over time? Over the life of this grant, what was the rate at which cash went out the door each month? How were cashflow projections handled, and who was responsible for them?**

Documented and estimated hotel costs by month are depicted to the right. Information on burn rates for the January-March period were requested but not provided.



BC produced cashflow projections in early March 2023 that lead to the recognition of the significant overspend. No other cashflow projections were provided as part of this inquiry.

LEC attempted to patchwork some projections together based on some of the limited information they were getting from BC, but that they believed BC should have been providing these calculations. LEC acknowledged that they had capacity issues in producing these reports on their own.

5. **Did the LEC have a plan for ramping down this program and transitioning participants to stable housing? If yes, what was it and where was it documented? Who was responsible for ensuring a plan was in place?**

Around March 1, 2023, LEC began communicating to hotel guests that they had three weeks left in the program, and talking to guests about their exit destinations. LEC was simultaneously pursuing ongoing funds to support the program. LEC reports that they hoped to secure additional funding, but if they did not do so by the end of March, they had planned to offer a scaled down version of the hoteling program by using another relevant funding source and some reserves to transition guests out over a 4-6 week period. No documented plan for this process was provided.

6. **Did the LEC assume there would be ongoing funding made available?**

LEC hoped but did not assume ongoing funding would be made available, which is why they had notified hotel guests about the program ending. LEC was optimistic that the program's goals and results were closely aligned with the Partnership for Zero effort and would therefore receive further support.

To solicit funding, LEC had prepared a proposed 2023 budget. The funding streams for an ongoing hoteling program in this budget were ambitious but not realistic. The budget anticipated another $600,000 in FEMA funds to support the hoteling program, even though LEC knew this was one-time COVID-relief funding. The budget also anticipated $2 million from KCRHA/We Are In for hoteling, even though neither partner had previously supported the program, and KCRHA would have had to go through the requisite procurement process for public dollars.

7. **How was KCRHA leadership engaged in the development of this program proposal? Who at KCRHA was engaged? Did KCRHA sign off on this program? How did this program fit in to the regional work to address homelessness which is the purview of the KCRHA?**

KCRHA denies that leadership was engaged in the development or approval of the EFSP program proposal, and states that KCRHA's name should not have been used. LEC attests that a Senior Advisor at KCRHA was involved in initial conversation with UWKC and LEC about the project. At least four other senior staff at KCRHA were aware of the proposal, but no evidence of endorsement (or disapproval) was provided.

The goals of the hoteling program did not align well with the goals of KCRHA's Partnership for Zero, which focuses on housing people in permanent destinations. More broadly, KCRHA strives to create sustainable systems, and leadership at KCRHA was concerned about the sustainability of the hoteling program and the disruptive potential it could have on an unhoused person's stability.

8. **Why wasn't this grant considered part of our region's homelessness emergency response system and why wasn't better coordination with KCRHA required?**

EFSP is not a funder of the Continuum of Care (CoC) under federal regulations, so those funds are considered separate and distinct from the CoC and from the work coordinated by KCRHA. There are multiple programs addressing homelessness that operate outside of KCRHA oversight, for example some high barrier programs, or programs run by faith-based organizations, which are also not required to coordinate with KCRHA. Without a contract, KCRHA has no mechanism to require coordination.

Any partnership between LEC and KCRHA on hoteling would have had to be voluntary, and the piecemeal collaboration that emerged reveals the fragmented nature of the relationship between the two entities. KCRHA could have worked more closely with LEC during program design to create a proposal and a model that was acceptable to both parties, but instead disengaged and then disclaimed knowledge. LEC could have opted to participate in HMIS, but declined to participate in the community's collaborative data system in even the most basic ways. KCRHA's Systems Advocates referred people into the hoteling program, while KCRHA leaders were either unaware or ignoring concerns about the program's sustainability. Coordination here was partial but inadequate, which differentiates this effort from other programs that operate completely outside of the CoC.

9. **Are programs supposed to self-identify as part of the emergency response system and at which point are they expected to interact with our regional planning?**

There are two mechanisms for regional coordination and planning, but only one mechanism with direct accountability. Programs and providers may participate in sub-regional planning tables where city

Human Services Managers and other service providers share information; participation is voluntary and KCRHA is a participant and not an oversight body.

The mechanism for direct accountability is a contracted relationship between KCRHA and the service provider, with funding that passes through KCRHA. Without a contract, KCRHA does not have visibility into how the program operates and does not have a vehicle for oversight or accountability.

KCRHA has funded LEC for various services and stipends in the past, however, and the two are at least nominally partners. Here, the two bodies had differing interests and visions for a program, and KCRHA had to respect LEC's autonomy and had no tool to force them into compliance with system goals.

PROGRAM MANAGEMENT: ANALYSIS AND RECOMMENDATIONS

LEC had thoughtfully designed how they would like to deploy hotel resources: quickly, for the most vulnerable, with minimal administrative hurdles, while connecting people to other resources and the LEC advocacy movement. This did not align with KCRHA's priorities, but part of LEC's role as advocates is to push system boundaries when they identify shortcomings. And while some of LEC's decisions were based in beliefs that the system was performing poorly (like the absence of immediate temporary shelter) other decisions seem to have been motivated by expedience (like not sharing minimal data or master leasing hotel rooms).

Where LEC fell short was in calculating program capacity and wind-down. No calculations on monthly stays, capacity, bed-nights, exit plans and service ramp-downs were provided by LEC for this process. LEC staff believed they were delivering a product that was providing positive outcomes for individuals, and they focused on success and growth of that product, rather than the realities of resource limitations.

It is neither feasible nor desirable for KCRHA to have total oversight over every program serving people experiencing homelessness in the region. In this instance it was understandably disappointing to KCRHA, a newfound entity trying to build consensus and credibility, that its existing partners were choosing not to participate in the data sharing, prioritized strategies and collective goals that the community had agreed upon.

Recommendations:

- Although KCRHA wasn't funding the hoteling program, they were supporting LEC through another grant. HMIS participation could be mandated for any KCRHA funded entity that is or begins delivering services, rather than by program.

III. FISCAL PROCESSES

1. **How was this hotel program managed on a daily basis? How were decisions made within the LEC about the overall management of the funding? Who made them? Was anyone outside of LEC involved in making decisions around funding management?**

The information necessary to accurately answer this question was not provided. The materials and responses provided were incomplete and inconsistent.

According to BC, LEC operated autonomously and did not need permission or approval on funding decisions. Some of the necessary fiscal processes between BC and LEC were not in place at the launch of the hoteling program. At some point during the administration of the program, BC began requiring that Executive Director Zavala sign any payment contract.

According to LEC, everything they did required the approval of BC. They claim that they had to fight to maintain their autonomy, couldn't pay anyone without prior approval and didn't have petty cash. LEC felt that there were extensive internal controls in place at BC. LEC had one BC-issued credit card, and all expenditures were required to be approved by Green, but the card was turned off on several occasions by BC. LEC reports always feeling like they were in a subordinate position and at risk of losing their fiscal sponsor.

2. **How were financial commitments made for the funding and who and how were budgets established and monitored?**

The LEC Leadership team collectively developed and monitored the hoteling program budget.

BC was not involved in LEC's budgeting process. To comply with their fiduciary responsibilities, BC's board did not delegate out funding distribution decisions. Instead, each year the board would approve, at a high level, a funding strategy which gave LEC's Leadership Committee permission to disperse funds in more specific ways to meet these strategies. The BC board approved these funding strategies, but not LEC's budget.

There were not signed contracts and/or agreements with hotels. For the first six months of the program, hotel stays were charged to credit cards, after which direct payment with BC was set up. Billing went directly from 7-9 hotels to BC. Most bills were sent from hotels on a weekly basis. BC reports having very little insight into the day to day operations of the program, and responding in a reactive way, simply paying invoices as they came in.

3. **Review documented expectations between LEC and BC of fiscal sponsorship agreement, including roles and responsibilities.**

Under the fiscal sponsorship agreement between LEC and BC, LEC became a sponsored "project" of BC. Among other responsibilities, under the agreement BC was obligated to "provide periodic financial reports, request records and reports and communicate regularly with LEC Steering Committee." BC was prohibited from engaging in "discussions or activities regarding LEC without the participation of the LEC Steering Committee members."

Among other duties, LEC was required to:

- "Comply with record keeping and reports describing the programs and services as requested by BC
- Provide all info and reports, including interim and final reports, required by the funding organizations, with BC's final approval

- Communicate no less than monthly with BC
- Review and approve all requests for payment prior to submitting to BC"

Both parties were required to "maintain financial records….according to generally accepted accounting principles."

4. How well did each entity fulfill or not fulfill these expectations?

This is a consideration of each entity's performance under a set of mutually agreed upon expectations, rather than an evaluation of whether the parties fulfilled or violated any legal obligations.

Fiscal Updates Received by LEC:

Date information provided to LEC	Financial info	As of date	Source
January 12, 2023	$224,082 spent	December 31, 2022	EFSP Interim Report
January 18, 2023	$700,000 in reserves and $400,000 in unspent funds		BC Controller
March 14, 2023	• $213,959 overspend • $332,200 projected overspend	• March 5 • March 14	LEC Director of Operations
March 17, 2023	projected cash balance of $26,650	March 31	BC Controller
March 24, 2023	projected overspend of $738,927	March 31	BC Controller

The fiscal sponsorship agreement was put in place in 2020, when leadership at LEC and BC were closely aligned, and BC had a single source budget of $25,000. For a year and a half, the fiscal sponsorship ran smoothly, particularly through the support and mentorship provided to LEC by BC's CFO at the time. In 2021, BC's CEO moved on and their CFO retired. BC's new Executive Director, Daniel Zavala, and their Controller became the primary points of contact for LEC.

LEC reports that it did not receive timely and accurate financial reporting from BC for 11 months, from March to December, 2022. BC documents sharing eight financial reports of various types with LEC during that same window. This was below the monthly reports that LEC wanted, but met the expectation for "periodic" reporting set forth in the agreement. However, LEC also believed the contents of the reports were inaccurate and the formats were different from what they were used to and difficult to interpret. BC and LEC had monthly check-ins set up, but they were frequently canceled. The two groups were also in regular contact around reconciliations for the LEC credit card, though these interactions tended to be acrimonious.

LEC did not comply with the agreement to provide "record keeping and reports…as requested by BC", in that monthly credit card reconciliations became a major source of conflict between the two parties. BC had to request these multiple times, and they were often delivered by LEC months late. This created risk and financial penalties for BC that they considered unacceptable. LEC also breached this part of the agreement in refusing to participate in BC's due diligence process (see next section).

BC did not adhere to the agreement's requirement that they only discuss LEC with an LEC Steering Committee present. Both leading up to and in the midst of the overspend crisis, BC leadership discussed LEC with the BC board and with other funders.

A fiscal audit would be necessary to confirm whether each party met the requirement to maintain proper financial records.

a. Did those roles or expectations change at any point?

LEC grew increasingly frustrated in late 2022 around not receiving timely and accurate financial reporting from BC, and in October 2022 the LEC Leadership Team voted to become its own 501(c)(3) organization. LEC also hired BC's former CFO to work with them to take on more financial management responsibilities. In December 2022, LEC registered to operate a business in Washington as a first step towards becoming a standalone organization.

In January of 2023, BC began a fiscal and legal due diligence processes with each of the organizations for which it was the fiscal sponsor. For BC, the goal of the process was to fulfill its fiduciary obligation to provide oversight of funds and ensure compliance with the financial and legal policies and practices of employees and independent contractors conducting business with those funds. Increasingly mistrustful of BC, LEC declined to participate. Without visibility into LEC's practices, a third party attorney brought in to help conduct the due diligence process with LEC raised red flags around some of LEC's conduct, and recommended severing the business relationship between BC and LEC.

In light of mounting tensions, between December 2022 and February 2023, BC and LEC discussed BC assuming a greater role in their own fiscal processes, in preparation for becoming its own standalone 501(c)(3).

b. How did this fiscal sponsorship relationship compare to other similar fiscal sponsorships?

At the time in question, BC was the fiscal sponsor for three large organizations. The first was on a path to becoming its own 501(c)(3) organization, so BC was ratcheting down its services. The second, We Are In, was incubated within BC, and still uses BC's administrative structure. So based on these differences in need, each project received different levels of engagement and communication from BC.

In addition, BC reports that they attempted to be mindful of the autonomy that LEC desired, but that this created strain against BC's role as a fiduciary. There was clearly a tension between BC, which is a very structured, process-driven organization, and LEC, an organization with a startup mentality and strong need for independence. BC saw its role as to raise questions, offer guidance and *hope* that that guidance would be accepted. BC struggled to define who was accountable for decision-making within the nonconventional leadership model of LEC.

An important distinction may not be between the relationship BC had with LEC versus its other fiscally sponsored programs, but between the relationship BC had with LEC at the outset of the sponsorship versus the end. LEC looked far different when the relationship with BC began in 2020 than it did in 2023. And, after the hoteling program began, BC noted the number of weekly transactions managed by its finance team went from 15-20 to 70-100 for LEC alone. BC, by its own admission, did not have the capacity to manage this growth.

5. How did communication occur between BC and LEC related to fiscal issues? Who was the lead on communication for each entity? Where did this not function well or could have been improved?

At least at the inception of the funding of the program, Green and Zavala were in consistent enough contact that Zavala was aware that LEC had received the EFSP dollars. BC believed it was a promising opportunity, as LEC had consistently struggled to find funding. The implications of the grant's demands on BC's business functions were not yet apparent.

From LEC's perspective, the relationship with BC felt tenuous, as if they were always under the threat of termination. At times, they believed BC staff were rude, re-traumatizing, oppressive and gaslighting. There was a lot of suspicion within LEC around BC's staff's motivations for various behaviors. BC does not appear to have transparently communicated the limitations of its staff capacity to LEC.

Communication on fiscal issues primarily flowed between Smith and Green (at LEC) and Jaclyn Pueyo (Controller) at BC. After several contentious meetings around credit card reconciliations, BC also had a staff person from HR attend LEC-BC meetings.

Each entity made assumptions that the other was doing more financial management than it was. BC believed that LEC staff person Daniel Smith had the ability and knowledge to manage the hoteling program budget. LEC assumed BC would inform them as soon as spending grew unsustainable.

6. **How were program issues communicated internally at LEC and BC, including to the board? When did the boards become aware of the problems, how was it elevated, and what actions did they take?**

Zavala began expressing concerns about LEC's governance with the BC board chairs beginning in July, 2022. The BC board executive committee discussed issues within LEC in November 2022, when they first considered engaging in a due diligence process. The full board was briefed on the concerns and met with Smith and Green in December 2022. At the board meeting in February 2023, BC's board made a unified decision to transition LEC from BC. These decisions predated awareness of the overspend, and appear to have been driven by risk assessment within BC about LEC's governance generally, rather than specific concerns about cost overruns in the hoteling program.

The LEC team escalated concerns around timeliness and accuracy of financial reporting to Zavala between October and December, 2022. In late January, 2023, after requesting financial reports for six weeks, LEC sought to elevate the issue directly to BC's board chairs.

Information about how concerns about financial reporting and the ultimate overspend were communicated internally at LEC were not shared.

7. **How and when did We Are In become aware of the hotel program?**

We Are In was peripherally aware of LEC's pursuit and receipt of EFSP funds to begin the program. We Are In was not supportive of LEC serving as a direct service provider, as they believed it would jeopardize the leadership positions LEC had secured around advocacy, policy and governance. We Are In communicated these concerns to LEC.

8. **Why did We Are In encourage the Partnership for Zero System Advocate Team to refer clients into the hotel program?**

As part of Partnership for Zero, We Are In provides a flexible pool of money to System Advocates to meet emerging client needs. System Advocates are to maximize existing resources prior to using these flexible funds. The hoteling program was an existing resource, so System Advocates were instructed by We Are In to use it for hotel stays before flexible funds. Some System Advocate requests for flexible funds to pay for motels were denied by We Are In.

9. **How and when did We Are In and its board and funders become aware that the program was in this financial situation and why did they decide to intervene so quickly to financially shore up the program?**

Green reached out to some private funders via phone on March 24 to share information about the overspend. Green presented it as a cashflow issue. (This was not a cashflow issue. LEC sought to renew contracts or secure new funding to cover preexisting expenditures.) Funders were extremely concerned that hotel guests were about to return to the streets. There was a general consensus among funders and the We Are In board that, because centering people with lived experience was critical to the success of the whole system, they didn't want LEC to fail publicly. We Are In also believed it was critical for it to step in as a team of partners working together to avert a crisis. We Are In ultimately committed $1 million in additional resources for the program.

FISCAL PROCESSES: ANALYSIS AND RECOMMENDATIONS

Fundamentally, LEC craved autonomy but needed significant support on financial matters, and the relationship with BC began to sour when BC staff changes and limitations meant the BC finance team was challenged to fulfill essential functions associated with hoteling, much less provide mentorship. BC ended up giving LEC full autonomy on programmatic matters, which meant BC had no visibility into the growth and scale of the hoteling program until hotel invoices arrived. Conversations with LEC were hostile, about expenditures already incurred, when LEC really needed support and assistance monitoring its budget and creating cash flow projections. The BC finance team did not have the bandwidth to provide these services to LEC, but never directly communicated this. So both entities operated blindly, LEC putting more and more people into hotels, and BC paying bills as they came in. BC's role shifted from one of a partner to one of a fiscal administrator during the hoteling program.

BC believes that, by placing people in hotels, LEC made the financial commitments to the various vendors (hotels) without the authority to do so, and that by refusing to participate in the due diligence process BC was denied information that would have allowed them to learn that LEC had overcommitted. As BC knew that LEC was placing people in hotels from the outset of the program, it's unclear if BC is suggesting that LEC exceeded its authority only when it began placing people in hotels without the funds to do so. LEC's counterargument was that they did not know they lacked funds because BC had failed to give them timely and accurate financial reports. The important factor seems to be less whether or not LEC knew or intended to overspend, but whether they were negligent in their failure to know, and whether BC contributed to that failure.

BC can be faulted for failing to provide regular financial reports. However, the hoteling program staff and LEC Leadership should have also been monitoring their expenditures in real time. An error of this margin evinces a complete abandonment of the oversight necessary of any direct service program. Here the fiscal sponsorship model was used to reduce fiscal accountability at the programmatic level, which was not the design or documented goal of the relationship.

Recommendations:

- Fiscal sponsorship is not the right model for an entity of the size, culture and complexity of LEC.
- LEC should not run programs until it has the administrative capacity to attend to necessary functions.

IV. SYSTEMS PLANNING

1. What needs to be in place to ensure new homelessness programming is coordinated formally through or with the KCRHA? (For both programs applying for funds and funders releasing funds).

There may be funding that continues to flow into the community from public or private sources that are outside of KCRHA's control. It is not feasible, and perhaps not desirable, for KCRHA to have complete control or oversight over every resource addressing homelessness in the community. This funding stream was unusually large, and program and fiscal management of this resource went unusually badly.

While KCRHA leadership may claim they were unaware of the program, there were clearly many points of intersection between KCRHA and LEC on this work: in the program design, during HMIS conversations, and with Systems Advocates. The program was not what KCRHA wanted and was beyond their control, and was launched when KCRHA was a nascent organization with divided attention. Poor communication and hostility between organization leaders also played a role in a lack of coordination.

2. What does accountability look like? What specific steps are needed to ensure the people who are accountable for this program are held accountable? What are the steps needed to heal and ensure this situation does not happen again?

The essential problem here was poor management of public (FEMA) funding, ultimately necessitating an investment of additional public and private resources. For BC, natural consequences could include:

- Findings from auditor
- Modifications to internal controls and processes
- Leadership driven staff changes or additions
- Increases to finance team capacity
- Changes to fiscal sponsorships
- Relationship damage with some funders
- Reputational damage

For LEC, consequences have and could include:

- Loss of funding
- Reputational damage
- Loss of fiscal sponsor
- Leadership Team driven staff and leadership changes
- Creation of new fiscal management policies

- Difficultly launching future direct service programs
- Loss of other related governance and advocacy roles in the community

Many people interviewed suggested that individuals need to be held accountable. We believe that staff and leadership decisions are best made within organizations, and leave organizations with the facts herein to determine any future course of action.

SYSTEMS PLANNING: ANALYSIS AND RECOMMENDATIONS

The relationship between LEC and its funders is fraught, as LEC sees itself as, in some ways, a watchdog on the structures that have historically funded its existence. This creates an unhealthy power dynamic.

When a program fails that will harm people KCRHA aims to serve, it is appropriate for KCRHA to step in and try to resolve the situation, as it did in this case. Personality conflicts meant the overspend could have been addressed more collaboratively and graciously, with less harm inflicted on hotel residents. There was a significant amount of finger pointing and undermining between partners, which delayed solutions.

Recommendations:

- There are many fractured relationships, historical grievances and mistrust between parties. Some sort of mediation or reconciliation is necessary between KCRHA, BC and LEC.
- KCRHA and private funders should do some self-reflection on what they hope to achieve in funding LEC, and attend in LEC meetings.
- KCRHA should reconsider ways for people with lived experience to meaningfully engage in KCRHA both as part of and outside of LEC.
- LEC leadership should review their participation on outside boards for actual or perceived conflicts of interest.

APPENDIX A

GOAL: To conduct an inquiry into the overspend of the hotel program managed by the Lived Experience Coalition and the internal controls and systems challenges that contributed to the overspend.

Questions to be asked in the inquiry will include, but not be limited to:

***Granting of funding**:*

5. Establish a timeline and basic analysis of the hotel program, including when it was established, who approved it, the identified project budget, deliverables/major milestones, and reporting requirements.
6. What other fund sources were dedicated to this program? Were additional funds used that were not originally dedicated?
7. What criteria was used to select the LEC for this grant from the Emergency Food and Shelter Program (EFSP) and how are these funds generally allocated? What were the documented expectations?
8. What was UWKC's expected role in oversight of this funding, if any? Did they follow them? How were the decisions made by the Emergency Food and Shelter Program Board and what oversight are they expected to have? Did they follow them? What are the reporting requirements for this grant, including those from FEMA and the EFSP board?

***Program management**:*

- How was this hotel program managed on a daily basis? How were decision made within the LEC about the overall management of the funding? Who made them? Was anyone outside of LEC involved in making decisions around funding management? How were financial commitments made for the funding and who and how were budgets established and monitored?
- What was the process for referring people into the program? How were folks identified (from LEC staff, volunteers, other service providers, etc.)? Who determined placement into the program was an appropriate placement? What level of ongoing support was provided to the folks in the program & who was responsible for providing it?
- How was data tracked for the program? Were any steps taken to get the program into HMIS? Why wasn't this program entering data into HMIS?
- How and how many referrals were made from Systems Advocates from the KCRHA?
- What was the cash flow of this program over time? Over the life of this grant, what was the rate at which cash went out the door each month? How were cashflow projections handled, and who was responsible for them?
- Did the LEC have a plan for ramping down this program and transitioning participants to stable housing? If yes, what was it and where was it documented? Who was responsible for ensuring a plan was in place?

- Did the LEC assume there would be ongoing funding made available?
- How was KCRHA leadership engaged in the development of this program proposal? Who at KCRHA was engaged? Did KCRHA sign off on this program? How did this program fit in to the regional work to address homelessness which is the purview of the KCRHA?
- Why wasn't this grant considered part of our region's homelessness emergency response system and why wasn't better coordination with KCRHA required? Are programs supposed to self-identify as part of the emergency response system and at which point are they expected to interact with our regional planning?

Fiscal sponsorship agreement:

- Review documented expectations between LEC and BC of fiscal sponsorship agreement, including roles and responsibilities.
    - How well did each entity fulfill or not fulfill these expectations?
    - Did those roles or expectations change at any point?
    - How did this fiscal sponsorship relationship compare to other similar fiscal sponsorships?
- How did communication occur between BC and LEC related to fiscal issues? Who was the lead on communication for each entity? Where did this not function well or could have been improved?
- How were program issues communicated internally at LEC and BC, including to the board? When did the boards become aware of the problems, how was it elevated, and what actions did they take?

We Are In financial support:

1. How and when did WAI become aware of the hotel program?
2. Why did WAI encourage the Partnership for Zero SA Team to refer clients into the hotel program?
3. How and when did We Are In and its board and funders become aware that the program was in this financial situation and why did they decide to intervene so quickly to financially shore up the program?

Recommendations:

4. What needs to be in place to ensure new homelessness programming is coordinated formally through or with the RHA? (For both programs applying for funds and funders releasing funds)
5. What does accountability look like? What specific steps are needed to ensure the people who are accountable for this program are held accountable? What are the steps needed to heal and ensure this situation does not happen again?