

Holiday rescue saves 85 animals from hoarding situation

Donations needed to help cover costs of feed for animals

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A menagerie of creatures got the best present of their lives over the holidays. Rescued from a hoarding situation in Clallam County, 85 animals — ranging from a feral miniature donkey to parrots to dogs — experienced their own Christmas miracle.

Sarah Penhallegon, founder of Center Valley Animal Rescue in Quilcene, filled in the rest of the story Monday.

“We were contacted by Clallam County Animal Control,” she said, to respond to an animal hoarding situation discovered right before Christmas.

The owner, who was currently hospitalized, was known to the animal rescue nonprofit.

“We’ve worked with her in the past to get dogs spayed and neutered,” Penhallegon said.

But when rescuers arrived at the farm, the scene was tragic.

“As of yesterday, we have pulled 85 animals out of filth,” she said Monday, “many emaciated and starving.”

An entire shed full of 50 birds unknown to animal control was discovered by rescuers while on the site. Without water and food, the freezing temperatures were the last straw for the struggling animals. One chicken, with a body score of 1 of 9, didn’t survive the ride to the rescue.

Everyone else is doing well, however. Local animal shelters have been called to help house the unexpected arrival of dozens of new animals.

“We’ve got at least temporary holding quarantine spots,” Penhallegon said.

Family members of the animals’ owner relinquished the animals to the rescue, Penhallegon said. They were able to retrieve some turtles and parrots from inside the woman’s house before they succumbed to the freezing temperatures.

Penhallegon and crew went out on the day



Workers collaborate to make sure that no animal is left behind during a frigid winter rescue last week. Photos courtesy of Center Valley Animal Rescue



Above, poultry saved from a hoarding situation await transport to Center Valley.

Below, the first trailer load of animals was made before the storm that proved challenging for a return to bring the last creatures to safety.



AUDIT

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that no other evidence of misappropriation was discovered following this extensive review,” Timmons wrote in the PDA’s official response.

“We want to note also that as a part of the authority’s own separate investigation that it uncovered other actions of the former CFO that should be reviewed for possible additional violations of law and require additional restitution for consideration by the prosecuting attorney,” Timmons added.

“The authority believes these additional actions demonstrate a clear case of a breach of a public official’s duty by the former CFO.

“The authority also documented that the financial harm done is significant to the authority’s finances and public trust in the authority’s current and future fiduciary responsibilities,” Timmons wrote. “The authority requests that the prosecuting attorney review the totality of this matter when it deliberates on a course of action.”

RISKY FINANCIAL OPERATION

The accountability report released Dec. 23 by the State Auditor’s Office offered a greater inside look at the financial meltdown of the PDA — well before the COVID-19 pandemic dealt a nearly fatal blow to the authority as the PDA struggled through the state-mandated shutdown of the 95-acre Fort Worden campus managed by the authority.

The PDA was down to just one week of its non-restricted cash balance in 2019, according to the report.

Overall, the state found the PDA had only enough cash to operate for an estimated 22 days at the end of 2019, which included money and investments that were restricted to certain uses.

The state audit also found the PDA was running in the red: “Operating margin, which is the difference between operating revenues and expenses, was negative 26.2 percent for 2019. A negative operating margin indicates the authority may be spending more money than it is generating.”

What’s more, the state audit noted, the public had no way of knowing the depth of the PDA’s financial crisis because it had not shared its annual financial reports with the state, stretching back to 2018.

Annual financial reports are due to the state by the end of May each year.

The PDA filed its 2018 financial report more than two years past the deadline, according to the audit.

The PDA’s 2018 financial statement was submitted to the state 743 days late. The PDA’s 2019 financial statement was filed 372 days late, and the 2020 report was 155 days late.

“Filing financial reports late hinders public transparency, as well as our office’s efforts to compile statistical financial information for the Legislature and others,” the State Auditor’s Office said in its audit.

The late reports, the audit added, also meant the board of directors for the PDA could not “effectively monitor or make appropriate financial decisions regarding the authority’s operations.”

Public transparency of the PDA was also negatively impacted.

“Late filings also prevent our office from auditing the authority’s financial Office of the

Washington State Auditor statements, which prevents the public and other interested parties from obtaining timely and accurate information about the authority’s fiscal operations,” the audit noted.

Staff turnover at the PDA was blamed for the late reports.

The findings of the audit echoed earlier audits of the PDA by the state, which also faulted the authority for a lack of adequate internal controls that would guarantee accurate and complete reporting of its financial condition.

The PDA became operational in 2014, and the state’s concerns over the lack of financial controls stretches back to that year.

In every audit year, from 2014 through 2020, the state has noted the same problems over the PDA’s inability to accurately track its finances, with repeated and numerous misstatements and errors discovered in the PDA’s financial statements submitted.

In last week’s report, the State Auditor’s Office again asked the PDA to improve its operations “We recommend the authority establish and follow internal controls for ensuring it submits accurate, complete and timely financial reports in accordance with state law.”

Timmons, in his response, said the problems started before his watch. Timmons became executive director of the authority in late 2020 following the retirement of Robison, the previous executive director.

Timmons noted internal procedures had already been in place at the PDA, but just not followed.

“We concur with this finding and the recommendation,” Timmons wrote in the PDA’s response.

“We cannot speak for the previous administration reasons for the late filings,” he added. “Our efforts have been to catch up with required filings and have successfully filed for 2018, 2019 and 2020. We see no need to change internal procedures other than to enforce what is already in place to timely file future reports.”

FRAUD BY CFO

Fraud found within the PDA dates back to 2019.

The fraud report said Moody, the PDA’s chief financial officer who resigned in July 2020, entered two expenditures payable to her husband’s business into the PDA’s electronic payment system.

The first was for \$4,822, and was made Sept. 15, 2019.

An invoice supporting the payment did not provide specific details about the work that the business did, according to the fraud report, and did not include the typical approval signature.

The report noted that the PDA’s chief financial officer — who was Moody at the time — printed and signed a check for payment.

She again entered another expenditure of \$5,232 for repair expenses payable to the same construction business on Nov. 19, 2019.

The PDA’s CFO then printed and signed a check for the payment.

An invoice supporting the payment could not be found.

Moody was listed as the registered agent for her husband’s business. The fraud report said the business had been dissolved March 3, 2019 — more than six months before the PDA’s CFO recorded and made the first payment.

The fraud report noted attempts were

made to contact Moody.

“In October 2021, we made multiple phone call attempts to reach the former CFO for an interview. She did not respond to our requests,” the report said.

Moody resigned from the Fort Worden PDA last year, which the report said happened “after the authority identified a bank account transfer she attempted without a documented explanation or board approval.”

FOLLOW THE MONEY

In its response to the fraud report, PDA officials noted they had uncovered other “violations of law” by the former CFO.

Those violations were hinted at in information provided earlier this year to the State Auditor’s Office by the PDA included a note that mentions “malfeasance” by Moody.

According to the PDA’s 2018 and 2019 statements filed with the state, the PDA noted: “In 2020 the district became aware that its CFO was violating finance-related legal and contractual provisions as follows:

- Failure to file annual financial reports;
- Failure to comply with BARS [Budgeting, Accounting and Reporting System];
- Diversion of Capital Funds to Operations without proper authority;
- Possible embezzlement.”

The Washington State Auditor’ Office has asked the PDA to seek recovery of the \$10,054 in bogus checks, as well as the \$21,000 it cost to conduct the investigation.

“We also recommend the authority seek recovery of the misappropriated \$10,054 and related State Auditor’s Office investigation costs of \$21,000 from the former CFO and/or its insurance bonding company,” the report said.

During last week’s exit conference, Timmons noted that PDA officials would not be able to answer questions related to the prosecutor’s review of its former CFO.

“We’re not going to have much opportunity to discuss that because of the nature of the situation,” he said.

FINANCIALLY AT RISK

The state’s accountability also noted the PDA’s financial condition “puts it at risk of not being able to meet financial obligations.”

The PDA was already staggering financially when the COVID-19 pandemic started.

Gov. Jay Inslee ordered a state shutdown to slow the spread of the virus, which included limiting public gatherings, canceling public events, and restricting travel, and non-essential activities.

“Since the authority’s main revenue sources are from tourist and hospitality services, these restrictions had a severe financial effect on the authority, which was already struggling,” the audit said.

The audit noted that its former chief financial officer, Moody, had diverted funds that were supposed to go to capital projects but were instead used to cover operating expenses.

“As a result, the authority did not have enough funds to pay its contractors,” the audit noted. “The authority had \$880,778 in unpaid construction invoices as of the end of 2020, and it could not apply for grant reimbursement until after it paid the invoices.”

The audit also acknowledged work done since the end of 2020 to shore up the PDA’s shaky financial footing.

It noted “significant steps” the PDA had taken to address lost revenues and manage cash flows, which included “changing its leadership, organizational restructuring,

before Christmas Eve to make the first sweep of the property. With the roads dangerously slick after the Christmas snowfall, a second trip had to be delayed until it was safe to return.

“The thought, ‘We can’t leave these animals out here,’” reverberated through Penhallegon’s mind.

“I couldn’t stop thinking about them,” she said.

Finally, she’d had enough waiting. Her husband Robert Heck and neighbor Keegan Butterfield geared up for a return.

“We got one truck stuck. It took chains and everything” to get it out, she said.

“Nothing like driving a whole bunch of animals around in a snowstorm.”

But the same snow that hindered travel worked in the rescuers’ favor in unexpected ways. It hindered the fowl, which made up the bulk of the animals, from fleeing, enabling the small crew to net, hand-catch, and herd birds into crates for transport.

Entering the owner’s house, several chickens were found in a cage.

There were no doors on the house, Penhallegon said, as well as no heat and holes in the ceiling.

After the animals were safely back to the rescue, they underwent health exams. Penhallegon was up until 10:30 p.m. Sunday with her headlamp on, examining poultry.

“They’re so full of parasites,” she said.

“They can’t leave until we get rid of all their parasites and get healthy,” she explained.

For some animals, that may mean a few weeks. But many animals have months of rehabilitation ahead of them.

With the unexpected addition of so many animals, the rescue could use a little extra help.

“We always need more volunteers,” Penhallegon said.

Donations of Scratch and Peck brand poultry feed, alfalfa hay, and alfalfa/grass hay mix would be welcomed, too, she added. Financial donations can be made directly at the Center Valley Animal Rescue’s website at centervalleyanimalrescue.org/donate/.

and renegotiating its contract with the Washington State Parks and Recreation Commission.”

In its response, the PDA set out a list of steps taken in response to the authority’s financial meltdown, which included obtaining bridge financing to close out money owed on capital projects, a \$712,000 grant for continued improvements at Makers Square, the refinancing of outstanding loans for its “glamping” camping project and energy efficiency improvements, paying off outstanding debt that had been put on the PDA’s credit cards, and key staff changes.

PDA REACTS

In a press release issued by the PDA a few hours after the close of the exit conference with the State Auditor’s Office, authority officials underscored the steps that had been taken to address the organization’s financial condition.

“This is what we expected, and we are grateful for the state audit team’s thorough work, which clarifies details from a chapter that is behind us and recommends measures that are already underway to improve our financial condition,” said Board Chair David King.

“Our board is committed to ensuring accountability for the improved financial controls,” King added.

Added Timmons: “We have made a lot of progress in responding to the internal issues and the challenge of managing Fort Worden’s historic campus. We couldn’t have done it without the support of this community and staff members who worked so hard amid challenges that were out of their control.”

WAIT, THERE’S MORE

Auditors found multiple other areas of concern during their look at the PDA’s books from 2018, 2019, and 2020.

Those problems were not highlighted in the Dec. 27 audit, but instead were detailed in a “management letter” that was presented to PDA officials.

The letter said the audit uncovered a lack of adequate internal controls over the use of credit cards, employee reimbursements, and other areas.

In nine of 42 transactions examined, auditors said records were lacking or inadequate for \$1,530 in questioned costs.

The PDA could also not give “a valid business purpose for five of the 33 transactions that had support, resulting in \$669 in questioned costs.

One of the 42 transactions was for \$40, which was given to an employee as reimbursement for alcohol. Auditors said that expenditure was not allowed.

The Fort Worden Foundation later reimbursed the PDA, according to the letter.

Auditors also wrote the PDA did not properly track leave that had been taken by employees.

“Based on our review of emails and calendars requesting or reporting time off for two employees, we identified 120 hours of potential leave that the authority did not record or deduct from their leave balances,” auditors wrote in the management letter.

“We cannot determine whether the Authority should have recorded the hours as leave because the employees often indicated they would work the hours on another day or time. However, the authority lacked documentation showing that the employees worked those hours.”