

**COMMUNITY PARTNERSHIP FOR HOMELESS, INC.**

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FINANCIAL STATEMENTS

SEPTEMBER 30, 2008 AND 2007



**MBAF**

MORRISON BROWN ARGIZ & FARRA, LLP

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**TABLE OF CONTENTS**

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 12
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	13
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH SPECIFIED REQUIREMENTS	14
MANAGEMENT'S ASSERTION REPORT	15
SUPPLEMENTAL FINANCIAL INFORMATION	
Schedule of County Financial Awards	16
Schedule of Matching Requirements – County Financial Assistance	17
Financials Under Provisions of the Contract with Miami-Dade County Homeless Trust	18



## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors  
Community Partnership for Homeless, Inc.

We have audited the accompanying statements of financial position of Community Partnership for Homeless, Inc. (the "Organization") as of September 30, 2008 and 2007 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Organization. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Partnership for Homeless, Inc. as of September 30, 2008 and 2007 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2009 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the Organization taken as a whole. The accompanying supplemental schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the management of the Organization. Such information as of September 30, 2008 and for the year then ended has been subjected to the auditing procedures applied in our audit of the basic financial statements and in our opinion is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

*Morrison, Brown, Argiz & Farra, LLP*  
Miami, Florida  
January 21, 2009

**COMMUNITY PARTNERSHIP FOR HOMELESS, INC.**

STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30,

<b>ASSETS</b>	<b>2008</b>	<b>2007</b>
Cash and cash equivalents	\$ 8,304,442	\$ 5,882,158
Other receivables	73,366	44,327
Prepaid expenses and other assets	127,892	196,140
Pledges receivable - net	3,461,563	3,360,078
Investments	16,191,733	20,221,743
Property, plant, and equipment - net	<u>13,719,651</u>	<u>14,277,083</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 41,878,647</u></b>	<b><u>\$ 43,981,529</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 298,013	\$ 337,632
Deferred revenue	<u>1,779,455</u>	<u>1,521,090</u>
<b>TOTAL LIABILITIES</b>	<b><u>2,077,468</u></b>	<b><u>1,858,722</u></b>
<b>NET ASSETS</b>		
Unrestricted	9,378,690	11,266,998
Temporarily restricted	14,207,557	15,227,845
Permanently restricted	<u>16,214,932</u>	<u>15,627,964</u>
<b>TOTAL NET ASSETS</b>	<b><u>39,801,179</u></b>	<b><u>42,122,807</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 41,878,647</u></b>	<b><u>\$ 43,981,529</u></b>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY PARTNERSHIP FOR HOMELESS, INC.**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds September 30 2008
<b>PUBLIC SUPPORT</b>				
Miami-Dade County				
Homeless Trust	\$ 7,255,951	\$ 196,003	\$ -	\$ 7,451,954
Miami-Dade County				
Public Schools	164,483	-	-	164,483
State of Florida	<u>406,553</u>	<u>-</u>	<u>-</u>	<u>406,553</u>
<b>TOTAL PUBLIC SUPPORT</b>	<u>7,826,987</u>	<u>196,003</u>	<u>-</u>	<u>8,022,990</u>
<b>REVENUES</b>				
Revenues from private sources	3,097,384	868,782	586,968	4,553,134
Investment loss	(2,463,247)	-	-	(2,463,247)
Other	8,884	-	-	8,884
In-kind revenues	<u>749,807</u>	<u>-</u>	<u>-</u>	<u>749,807</u>
<b>TOTAL REVENUES</b>	<u>1,392,828</u>	<u>868,782</u>	<u>586,968</u>	<u>2,848,578</u>
Net assets released from restrictions	<u>2,085,073</u>	<u>(2,085,073)</u>	<u>-</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>11,304,888</u>	<u>(1,020,288)</u>	<u>586,968</u>	<u>10,871,568</u>
<b>EXPENSES</b>				
Homeless Assistance Center operations	9,344,772	-	-	9,344,772
General and administrative	2,374,051	-	-	2,374,051
Development	1,134,373	-	-	1,134,373
Continuum of care/Partnership for recovery	<u>340,000</u>	<u>-</u>	<u>-</u>	<u>340,000</u>
<b>TOTAL EXPENSES</b>	<u>13,193,196</u>	<u>-</u>	<u>-</u>	<u>13,193,196</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(1,888,308)	(1,020,288)	586,968	(2,321,628)
<b>NET ASSETS, Beginning of year</b>	<u>11,266,998</u>	<u>15,227,845</u>	<u>15,627,964</u>	<u>42,122,807</u>
<b>NET ASSETS, End of year</b>	<u>\$ 9,378,690</u>	<u>\$ 14,207,557</u>	<u>\$ 16,214,932</u>	<u>\$ 39,801,179</u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY PARTNERSHIP FOR HOMELESS, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total All Funds September 30, 2007
<b>PUBLIC SUPPORT</b>				
Miami-Dade County Homeless Trust	\$ 6,818,825	\$ 145,457	\$ -	\$ 6,964,282
Miami-Dade County Public Schools	163,218	-	-	163,218
State of Florida	<u>374,873</u>	<u>-</u>	<u>-</u>	<u>374,873</u>
<b>TOTAL PUBLIC SUPPORT</b>	<u>7,356,916</u>	<u>145,457</u>	<u>-</u>	<u>7,502,373</u>
<b>REVENUES</b>				
Revenues from private sources	3,579,105	219,602	730,586	4,529,293
Investment income	2,092,106	-	-	2,092,106
Other	38,222	-	-	38,222
In-kind revenues	<u>783,807</u>	<u>-</u>	<u>-</u>	<u>783,807</u>
<b>TOTAL REVENUES</b>	<u>6,493,240</u>	<u>219,602</u>	<u>730,586</u>	<u>7,443,428</u>
Net assets released from restrictions	<u>748,139</u>	<u>(748,139)</u>	<u>-</u>	<u>-</u>
<b>TOTAL PUBLIC SUPPORT AND REVENUES</b>	<u>14,598,295</u>	<u>(383,080)</u>	<u>730,586</u>	<u>14,945,801</u>
<b>EXPENSES</b>				
Homeless Assistance Center operations	8,757,178	-	-	8,757,178
General and administrative	2,256,415	-	-	2,256,415
Development	1,028,151	-	-	1,028,151
Continuum of care/Partnership for recovery	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
<b>TOTAL EXPENSES</b>	<u>12,341,744</u>	<u>-</u>	<u>-</u>	<u>12,341,744</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	2,256,551	(383,080)	730,586	2,604,057
<b>NET ASSETS, Beginning of year</b>	<u>9,010,447</u>	<u>15,610,925</u>	<u>14,897,378</u>	<u>39,518,750</u>
<b>NET ASSETS, End of year</b>	<u><b>\$ 11,266,998</b></u>	<u><b>\$ 15,227,845</b></u>	<u><b>\$ 15,627,964</b></u>	<u><b>\$ 42,122,807</b></u>

The accompanying notes are an integral part of these financial statements.

**COMMUNITY PARTNERSHIP FOR HOMELESS, INC.**

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30,

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (2,321,628)	\$ 2,604,057
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	791,616	773,733
Net realized and unrealized loss (gain) on investments	3,210,975	(1,224,220)
(Increase) decrease in pledges receivables, net	(101,485)	22,234
Increase in other receivables	(29,039)	(4,424)
Decrease in prepaid expenses and other assets	68,248	15,330
(Decrease) increase in accounts payable and accrued expenses	(39,619)	21,888
Increase in deferred revenues	258,365	506,819
<b>TOTAL ADJUSTMENTS</b>	<u>4,159,061</u>	<u>111,360</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>1,837,433</u>	<u>2,715,417</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant, and equipment	(234,184)	(181,821)
Purchases/proceeds of investments, net	819,035	(1,775,656)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<u>584,851</u>	<u>(1,957,477)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,422,284	757,940
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>5,882,158</u>	<u>5,124,218</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 8,304,442</u>	<u>\$ 5,882,158</u>
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS:</b>		
In-kind services and donations	\$ 749,807	\$ 783,807

The accompanying notes are an integral part of these financial statements.

# COMMUNITY PARTNERSHIP FOR HOMELESS, INC.

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## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008 AND 2007

### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### Organization

Community Partnership for Homeless, Inc. (the "Organization"), incorporated in Florida on July 23, 1993, is a not-for-profit organization that was organized to build up to three Homeless Assistance Centers for homeless, to organize the efforts of local organizations to create and implement a comprehensive plan to assist homeless individuals, and to educate residents on homeless issues, all in Miami-Dade County. The first center opened in October 1995. The second center opened in 1998. The Organization receives its support from the Miami-Dade County Homeless Trust, Miami-Dade County Public Schools, and other public and private organizations and individuals. Presently, there are no plans to build a third center.

#### Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization's financial statements conform to the requirements of Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-For-Profit Organizations*. SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

Unrestricted - Net assets which are free of donor-imposed restrictions. Includes all revenues, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

#### Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

Cash and cash equivalents include investments with original maturities of three months or less. The carrying amount reported in the Statements of Financial Position approximates its fair value.

#### Investments

The Organization reports its investments under SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, a not-for-profit organization is required to report investments in equity securities with readily determinable fair values and all investments in debt securities at fair value, with realized and unrealized gains and losses included in the Statement of Activities. The fair value of investments is determined by quoted market prices.



# COMMUNITY PARTNERSHIP FOR HOMELESS, INC.

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008 AND 2007

### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property, Plant, and Equipment-Net

Property, plant, and equipment are stated at cost of acquisition or fair value at the date of donation in the case of gifts. The Organization leases the land on which the first Homeless Assistance Center is located from the Miami-Dade County School Board over a period of 40 years at a cost of \$1 per year. The appraised value of this leasehold is \$425,000 and has been recorded by the Organization as in-kind revenue in a prior year. The leasehold is being amortized over a period of 40 years. Leasehold improvements are capitalized on the basis of cost, and equipment acquired or donated is capitalized at cost or fair value at the date of acquisition or donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The Organization's policy is not to imply time restrictions expiring over the useful life of the donated asset. In the absence of donor-imposed restrictions on the use of an asset, gifts of long-lived assets are reported as unrestricted support.

Estimated useful lives of property, plant, and equipment are as follows:

	<u>Years</u>
Leasehold, buildings and leasehold improvements	40
Furniture and fixtures	10
Computer equipment	5
Automobiles	3

#### Deferred Revenues

The Organization records deferred revenues for monies received in advance for special events and other programs that have not taken place as of September 30, 2008 and 2007, respectively.

#### Impairment of Long-Lived Assets

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings, or cash flows, or material adverse changes in the business climate, indicate that they may be impaired. The Organization performs its review by comparing the carrying amounts of long-lived assets to the estimated discounted cash flows relating to such assets. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment based on the fair value of the impaired assets or an estimate of fair value based on discounted cash flows.

#### Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### Revenue Recognition

The Organization recognizes revenues from private sources as the related services are provided. Amounts received from private sources prior to the provision of the related services are recorded as deferred revenues.

#### In-Kind Donations

The Organization has received office equipment, personal services, and other items as in-kind donations. These donations are recorded at management's estimate of fair market value.

#### Income Taxes

The Organization is registered with the IRS as a charitable organization under the Internal Revenue Code Section 501(c) (3) and, accordingly, is exempt from income taxes, except for any taxes that may arise from unrelated business income.

# COMMUNITY PARTNERSHIP FOR HOMELESS, INC.

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008 AND 2007

### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Contributions

The Organization records contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. SFAS No. 116 generally requires that contributions received and made, including unconditional promises to give, be recognized as revenues and expenses, respectively, in the period received or made at their fair value. Conditional promises to give are recognized when the conditions are substantially met.

Unconditional pledges to give cash and other assets are reported at fair value at the date the pledge is received to the extent estimated to be collectible by the Organization. Pledges received with donor restrictions that limit the use of the donated assets are reported as temporarily or permanently restricted support.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, or when cash is collected on unconditional pledges in excess of current year pledge revenue, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

SFAS No. 116 also requires pledges receivable due in excess of one year to be discounted to present value. Pledges receivable are recorded in the Statements of Financial Position at fair value estimated by discounted cash flow analyses, using an average discount rate of 5% at September 30, 2008 and 2007.

Contributions received and expended within the same year are reported as changes in the unrestricted net assets.

#### Recent Accounting Pronouncements

##### Fair Value Measurements

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands the disclosures about fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods.

In February 2008, the FASB issued FASB Staff Position No. FAS 157-1 (FSP FAS 157-1), which excludes SFAS No. 13, *Accounting for Leases* and certain other accounting pronouncements that address fair value measurements under SFAS No. 13, from the scope of SFAS 157. In February 2008, the FASB issued FASB Staff Position No. 157-2 (FSP 157-2), which provides a one-year delayed application of SFAS No. 157 for nonfinancial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). The adoption is not expected to have any material impact on the financial statements.

In October 2008, the FASB issued FASB Staff Position No. FAS 157-3, *Determining the Fair Value of a Financial Asset in a Market That Is Not Active* (FSP 157-3), which clarifies the application of SFAS No. 157 when the market for a financial asset is inactive. Specifically, FSP 157-3 clarifies how (1) management's internal assumptions should be considered in measuring fair value when observable data are not present, (2) observable market information from an inactive market should be taken into account, and (3) the use of broker quotes or pricing services should be considered in assessing the relevance of observable and unobservable data to measure fair value. The guidance in FSP 157-3 is effective immediately and will apply to the Organization upon adoption of SFAS No. 157.

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2008 AND 2007

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Recent Accounting Pronouncements (continued)**

The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Organization believes SFAS No. 159 will not have any impact on the Organization's financial statements.

The Hierarchy of Generally Accepted Accounting Principles

In May 2008, the FASB issued SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles*. The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with generally accepted accounting principles in the United States of America (GAAP) for nongovernmental entities. Prior to the issuance of SFAS No. 162, GAAP hierarchy was defined in the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards (SAS) No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*. SFAS No. 162 is effective November 15, 2008. The Organization does not expect that the adoption of SFAS No. 162 will have any material effect on its financial statements.

Net Asset Classification of Funds

In February 2008, the FASB issued FSP No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA")*, and *Enhanced Disclosures for all Endowment Funds*. This FSP provides guidance on the net classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the UPMIFA of 2006. This FSP improves disclosures about an organization's endowment funds (both donor-restricted and board designated) whether or not the organization is subject to UPMIFA.

In initially applying the guidance, an organization shall report any resulting net asset reclassifications in a separate line item within the organization's statement of activities for that period. If the organization applies the provisions of this FSP subsequent to the period in which UPMIFA is first effective, the reclassification shall be reported in those financial statements in the earliest comparative period presented for which UPMIFA was effective. If the period in which UPMIFA first became effective is not presented, the effects of the reclassification shall be reported retrospectively in the earliest period presented.

The provisions of this FSP shall be effective for fiscal years ending after December 15, 2008. Earlier application is permitted provided that annual financial statements for that fiscal year have not been previously issued. The Organization is currently evaluating the effect FSP No. FAS 117-1 will have on its financial statements.

# COMMUNITY PARTNERSHIP FOR HOMELESS, INC.

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008 AND 2007

### 2. INVESTMENTS

Investments consisted of the following:

	September 30, 2008		September 30, 2007	
	Cost	Fair Value	Cost	Fair Value
Corporate stock	\$ 11,900,574	\$ 9,661,668	\$ 11,758,190	\$ 12,430,091
U.S. government obligations	446,516	461,469	645,969	646,652
Corporate bonds	6,736,649	6,068,596	7,264,613	7,145,000
	<u>\$ 19,083,739</u>	<u>\$ 16,191,733</u>	<u>\$ 19,668,772</u>	<u>\$ 20,221,743</u>

The following schedule summarizes the investment return and its classification in the Statements of Activities for the years ended September 30, 2008 and 2007:

2008	<u>Unrestricted</u>
Interest and dividend income	\$ 747,728
Net realized and unrealized losses on investments	<u>(3,210,975)</u>
	<u>\$ (2,463,247)</u>
2007	<u>Unrestricted</u>
Interest and dividend income	\$ 867,886
Net realized and unrealized gain on investments	<u>1,224,220</u>
	<u>\$ 2,092,106</u>

See NOTE 10, subsequent events, regarding the impact of the market decline on the Organization's investments.

### 3. PLEDGES RECEIVABLE, NET

Outstanding pledges receivable from various corporations, organizations, and individuals are as follows:

	September 30, 2008	September 30, 2007
Pledges due:		
In less than one year	\$ 1,382,993	\$ 1,823,651
In one to five years (future value)	2,265,000	1,720,000
In more than five years (future value)	<u>275,000</u>	<u>350,000</u>
	3,922,993	3,893,651
Discounts on pledges greater than one year are \$393,742 and \$372,361, respectively, and allowances for uncollectible pledges are \$67,688 and \$161,212, respectively.	<u>(461,430)</u>	<u>(533,573)</u>
	<u>\$ 3,461,563</u>	<u>\$ 3,360,078</u>

# COMMUNITY PARTNERSHIP FOR HOMELESS, INC.

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008 AND 2007

### 4. PROPERTY, PLANT, AND EQUIPMENT - NET

A summary of property, plant, and equipment is as follows:

	September 30, 2008	September 30, 2007
Land	265,000	\$ 265,000
Buildings	146,960	146,960
Leasehold	511,618	511,618
Leasehold improvements	17,032,069	16,963,724
Furniture and fixtures	1,885,210	1,834,947
Computer equipment	1,349,281	1,292,707
Automobiles	691,020	632,019
	21,881,158	21,646,975
Less accumulated depreciation	(8,161,507)	(7,369,892)
Total	<u>\$ 13,719,651</u>	<u>\$ 14,277,083</u>

Depreciation expense was \$791,616 and \$773,733 for the years ended September 30, 2008 and 2007, respectively.

### 5. RELATED PARTY TRANSACTIONS

Certain members of the Board of Directors made pledges of \$1,205,820 and \$500,835 during the years ended September 30, 2008 and 2007, respectively. The amounts included in pledges receivables for members of the Board of Directors at September 30, 2008 and 2007 were \$1,009,190 and \$322,944, respectively.

### 6. COUNTY AGREEMENT AND AGREEMENTS WITH MIAMI-DADE COUNTY PUBLIC SCHOOLS

The Board of County Commissioners of Miami-Dade County (the "County Board") imposes a 1% food and beverage sales tax on any business that has liquor licenses that gross in excess of \$400,000 of revenue and dedicates a portion of such proceeds to benefit persons who are or are about to become homeless. The County Board also adopted the Community Partnership for Homeless Plan for the expenditure of the tax proceeds and created the Miami-Dade County Homeless Trust (the "Trust").

The Organization entered into a five-year service agreement on December 14, 1993 with Miami-Dade County through the Trust that was renewable for five consecutive five-year terms at the discretion of the Trust. The first of these five-year renewals was entered into in 1998 and covered a period ending December 31, 2003. On December 2, 2003, Community Partnership for Homeless, Inc. signed a second renewal and an amendment agreement covering the second and third renewal periods from December 15, 2003 through December 16, 2013. In 1993, the Organization was to raise \$8.5 million within three years to site, design, construct, and operate up to three Homeless Assistance Centers for the homeless population of Miami-Dade County. Cash, in-kind contributions, and property raised by the Organization in excess of this \$8.5 million are outside the scope of the service agreement. The service agreement provides that, on termination of the service agreement, assets acquired with tax proceeds and/or the \$8.5 million are required to be returned to the Trust. The cost responsibility for the Organization will be 20% of the operating cost and capital purchases of the activities during this period. Amounts received from the Trust were \$7,451,954 and \$6,964,282 for the years ended September 30, 2008 and 2007, respectively.

## COMMUNITY PARTNERSHIP FOR HOMELESS, INC.

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### NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2008 AND 2007

#### 6. COUNTY AGREEMENT AND AGREEMENTS WITH MIAMI-DADE COUNTY PUBLIC SCHOOLS (CONTINUED)

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On May 5, 1994, the Miami-Dade County School Board (the "School Board") leased the land where the first Homeless Assistance Center was constructed to the Organization. The lease has a 40-year term, for which the Organization pays \$1 per year rent. The Organization also entered into an agreement on November 22, 1994 with the School Board wherein the Organization agreed to construct approximately 7,000 square feet of space within the first Homeless Assistance Center pursuant to the School Board's educational specifications and needs. It also agreed that this space would be reserved for use by the School Board for an education component for a term of 40 years. In exchange, the School Board agreed to pay the Organization for its proportionate share of construction and equipment costs, which amounted to approximately \$769,000 and was received by the Organization during 1995.

On September 20, 1995, the Organization and the School Board entered into a third agreement whereby the School Board agreed to reimburse the Organization for its share of operational costs related to its educational facilities. An amendment to the educational facilities operation agreement for the homeless facility in Homestead was signed on July 15, 2004. Both parties agreed upon a fixed amount of reimbursement to the Organization for its share of operational costs related to its educational facilities. Total reimbursements to the Organization during the years ended September 30, 2008 and 2007, amounted to approximately \$164,000 and \$163,000, respectively.

#### 7. CONCENTRATION OF CREDIT RISK

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During 2008 and 2007, the Organization had cash and cash equivalents in financial institutions which exceeded the federal insured limits at various times during the year based on the balance as reflected by the financial institutions.

Concentrations of risk do exist with respect to contributions and pledges made to the Organization during the year. Contributions totaling approximately \$2,257,000 from three donors were made during the year ended September 30, 2008. Contributions totaling approximately \$1,902,000 from three donors were made during the year ended September 30, 2007.

#### 8. SAVINGS PLAN

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On January 1, 1997, the Organization initiated a 401(k) tax-deferred savings plan, administered by an independent trustee, covering substantially all employees meeting a 90-day minimum service requirement. Contributions made by the Organization to the 401(k) plan are based on a specified percentage of employee contributions. The Organization's contribution to the plan for the years ended September 30, 2008 and 2007, totaled \$146,752 and \$143,779, respectively.

#### 9. COMMITMENTS AND CONTINGENCIES

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The Organization has contracts and grants with various grantors. These grants are subject to review and audit. However, management is of the opinion that any disallowance of costs by the grantors would not have a material adverse effect on the Organization's financial position.

The Organization is exposed to various asserted and unasserted potential claims encountered in the normal course of business. In the opinion of management, the resolution of these matters will not have a material effect on the Organization's financial position or the results of its operations.

#### 10. SUBSEQUENT EVENT

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Subsequent to September 30, 2008, market values in the global financial markets have incurred significant losses. In as much as the Organization has investments in these markets, the Organization's management believes that its investment portfolio has incurred significant losses. As of December 31, 2008, the Organization's investments depreciated by approximately 12% due to the decline in the global financial markets.



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Community Partnership for Homeless, Inc.

We have audited the financial statements of Community Partnership for Homeless, Inc. (the "Organization") as of and for the year ended September 30, 2008 and have issued our report thereon dated January 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Morrison, Brown, Argiz & Farra, LLP*  
Miami, Florida  
January 21, 2009



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON  
COMPLIANCE WITH SPECIFIED REQUIREMENTS**

To the Board of Directors  
Community Partnership for Homeless, Inc.

We have examined management's assertion, included in the accompanying "Management Assertion Report," that Community Partnership for Homeless, Inc. (the "Organization") has complied with the requirements for allowable costs and activities, matching, and financial reporting established in grant agreements applicable to Miami-Dade County Homeless Trust identified on the supplemental schedule of county financial awards for the year ended September 30, 2008. Management is responsible for the Organization's compliance with those requirements. Our responsibility is to express an opinion on the Organization's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Organization's compliance with specified requirements.

In our opinion, management's assertion that the Organization complied with the aforementioned requirements during the year ended September 30, 2008, is fairly stated, in all material respects.

This report is intended solely for the information and use of management, the Board of Directors, and Miami-Dade Homeless Trust and is not intended to be and should not be used for anyone other than these specified parties.

*Morrison, Brown, Argiz & Farra, LLP*  
Miami, Florida  
January 21, 2009



## MANAGEMENT'S ASSERTION REPORT

I, H. Daniel Vincent, hereby assert that, Community Partnership for Homeless, Inc. (the "Organization") complied with allowable costs and activities, matching, and financial reporting requirements of the grants identified on the attached schedule of County Financial awards for the year ended September 30, 2008.

A handwritten signature in cursive script that reads "H. Daniel Vincent".

H. Daniel Vincent  
Executive Director

COMMUNITY PARTNERSHIP FOR HOMELESS, INC.

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SCHEDULE OF COUNTY FINANCIAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Grantors/Pass-Through Grantor/Program Title	Expenditure
County Financial Award:	
Miami-Dade County Homeless Trust Share	\$ 7,451,954
Miami-Dade County Public School Board Share	<u>164,483</u>
Total County Financial Awards	<u>\$ 7,616,437</u>

**COMMUNITY PARTNERSHIP FOR HOMELESS, INC.**

**SCHEDULE OF MATCHING REQUIREMENTS – COUNTY FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<b>Financial Assistance Program</b>	<b>Miami-Dade County Homeless Trust Share</b>	<b>Miami-Dade County School Board Share</b>	<b>Other</b>	<b>Organization Share</b>	<b>Total Expenditures</b>
Miami-Dade County Trust Fund – Matching Funding	<u><b>\$ 7,451,954</b></u>	<u><b>\$ 164,483</b></u>	<u><b>\$ 406,553</b></u>	<u><b>\$ 2,603,393</b></u>	<u><b>\$ 10,626,383</b></u>

**COMMUNITY PARTNERSHIP FOR HOMELESS, INC.**

**FINANCIALS UNDER PROVISIONS OF THE CONTRACT  
WITH MIAMI-DADE COUNTY HOMELESS TRUST  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

<u>Description</u>	<u>Approved Budget September 30, 2008</u>	<u>Actual 2008</u>	<u>Variance September 30, 2008</u>
Salaries	\$ 4,453,096	\$ 4,253,428	\$ 199,668
Payroll taxes	361,535	331,218	30,317
Health and retirement benefits	<u>1,197,804</u>	<u>1,136,397</u>	<u>61,407</u>
Total salaries, wages, and benefits	<u>6,012,435</u>	<u>5,721,043</u>	<u>291,392</u>
Professional fees and contract payments	215,413	298,208	(82,795)
Security	312,215	326,648	(14,433)
Supplies	391,183	466,808	(75,625)
Food	513,369	597,975	(84,606)
Communications	27,841	45,370	(17,529)
Postage and shipping	17,400	10,913	6,487
Rent, maintenance, property insurance, and utilities	1,447,397	1,577,044	(129,647)
Rental equipment	53,503	53,883	(380)
Transportation/travel	83,967	108,357	(24,390)
Membership and publications	9,144	6,382	2,762
Risk management	117,576	118,464	(888)
Conference and meetings	35,036	44,740	(9,704)
Client expenses	266,894	253,984	12,910
Capital operating expenditures	120,000	127,624	(7,624)
Psychiatric Services	<u>70,716</u>	<u>57,931</u>	<u>12,785</u>
	<u>3,681,654</u>	<u>4,094,331</u>	<u>(412,677)</u>
Total expenses before depreciation	9,694,089	9,815,374	(121,285)
Less revenues related to operations	<u>470,161</u>	<u>591,303</u>	<u>(121,142)</u>
Net operating costs before depreciation	<u>\$ 9,223,928</u>	<u>\$ 9,224,071</u>	<u>\$ (143)</u>