COMMUNITY PARTNERSHIP FOR HOMELESS, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2008 AND 2007

MBAF

MORRISON BROWN ARGIZ & FARRA, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

COMMUNITY PARTNERSHIP FOR HOMELESS, INC.

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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,

ASSETS	2008	2007
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	13,719,651	14,277,083
TOTAL ASSETS	$ 41,878,647	$ 43,981,529
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 298,013	$ 337,632
Deferred revenue	1,779,455	1,521,090
TOTAL LIABILITIES	2,077,468	1,858,722
NET ASSETS		
Unrestricted	9,378,690	11,266,998
Temporarily restricted	14,207,557	15,227,845
Permanently restricted	16,214,932	15,627,964
TOTAL NET ASSETS	39,801,179	42,122,807
TOTAL LIABILITIES AND NET ASSETS	$ 41,878,647	$ 43,981,529

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
PUBLIC SUPPORT				
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	406,553	-	-	406,553
TOTAL PUBLIC SUPPORT	7,826,987	196,003	-	8,022,990
REVENUES				
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	749,807	-	-	749,807
TOTAL REVENUES	1,392,828	868,782	586,968	2,848,578
Net assets released from restrictions	2,085,073	(2,085,073)	-	-
TOTAL PUBLIC SUPPORT AND REVENUES	11,304,888	(1,020,288)	586,968	10,871,568
EXPENSES				
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	340,000	-	-	340,000
TOTAL EXPENSES	13,193,196	-	-	13,193,196
INCREASE (DECREASE) IN NET ASSETS	(1,888,308)	(1,020,288)	586,968	(2,321,628)
NET ASSETS, Beginning of year	11,266,998	15,227,845	15,627,964	42,122,807
NET ASSETS, End of year	$ 9,378,690	$ 14,207,557	$ 16,214,932	$ 39,801,179

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
PUBLIC SUPPORT				
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	374,873	-	-	374,873
TOTAL PUBLIC SUPPORT	7,356,916	145,457	-	7,502,373
REVENUES				
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	783,807	-	-	783,807
TOTAL REVENUES	6,493,240	219,602	730,586	7,443,428
Net assets released from restrictions	748,139	(748,139)	-	-
TOTAL PUBLIC SUPPORT AND REVENUES	14,598,295	(383,080)	730,586	14,945,801
EXPENSES				
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	300,000	-	-	300,000
TOTAL EXPENSES	12,341,744	-	-	12,341,744
INCREASE (DECREASE) IN NET ASSETS	2,256,551	(383,080)	730,586	2,604,057
NET ASSETS, Beginning of year	9,010,447	15,610,925	14,897,378	39,518,750
NET ASSETS, End of year	$ 11,266,998	$ 15,227,845	$ 15,627,964	$ 42,122,807

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
CASH FLOWS FROM OPERATING ACTIVITIES:		
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
TOTAL ADJUSTMENTS	4,159,061	111,360
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,837,433	2,715,417
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(234,184)	(181,821)
Purchases/proceeds of investments, net	819,035	(1,775,656)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	584,851	(1,957,477)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,422,284	757,940
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,882,158	5,124,218
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 8,304,442**	**$ 5,882,158**

SUPPLEMENTAL DISCLOSURES OF NON-CASH TRANSACTIONS:		
In-kind services and donations	**$ 749,807**	**$ 783,807**

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

<u>Unrestricted</u> - 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.

<u>Temporarily Restricted</u> - 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.

<u>Permanently Restricted</u> - 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.

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:

	Years
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.

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.

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.

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
	$ 19,083,739	$ 16,191,733	$ 19,668,772	$ 20,221,743

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	Unrestricted
Interest and dividend income	$ 747,728
Net realized and unrealized losses on investments	(3,210,975)
	$ (2,463,247)

2007	Unrestricted
Interest and dividend income	$ 867,886
Net realized and unrealized gain on investments	1,224,220
	$ 2,092,106

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)	275,000	350,000
	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.	(461,430)	(533,573)
	$ 3,461,563	$ 3,360,078

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	$ 13,719,651	$ 14,277,083

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.

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

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

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

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

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

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.