

**CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2011 AND 2010



CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Chapman Partnership, Inc.
(f/k/a Community Partnership for Homeless, Inc.)

We have audited the accompanying statements of financial position of Chapman Partnership, Inc. (formerly known as Community Partnership for Homeless, Inc.) (the "Organization") as of September 30, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 Chapman Partnership, Inc., as of September 30, 2011 and 2010 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 25, 2012, on our consideration of the Organization's internal control over financial reporting and on 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 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules (pages 22-23) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Morrison, Brown, Argiz & Farra

Miami, Florida
January 25, 2012

An Independent Member of Baker Tilly International

CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30,

ASSETS	2011	2010
Cash and cash equivalents (including temporarily restricted cash of \$4,032,655 and \$1,898,900 for the years ended September 30, 2011 and 2010, respectively)	\$ 5,110,937	\$ 9,197,534
Other receivables	192,006	186,667
Prepaid expenses and other assets	224,376	98,608
Pledges receivable, net	2,266,633	2,001,514
Restricted cash equivalents	848,618	557,339
Investments	27,603,075	22,386,661
Other investment	600,000	600,000
Property, plant and equipment, net	<u>12,419,643</u>	<u>12,730,825</u>
TOTAL ASSETS	<u>\$ 49,265,288</u>	<u>\$ 47,759,148</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	\$ 474,284	\$ 350,394
Deferred revenues	<u>4,621,480</u>	<u>3,424,710</u>
TOTAL LIABILITIES	<u>5,095,764</u>	<u>3,775,104</u>
NET ASSETS		
Unrestricted	14,912,652	14,212,187
Temporarily restricted	11,189,509	11,734,726
Permanently restricted	<u>18,067,363</u>	<u>18,037,131</u>
TOTAL NET ASSETS	<u>44,169,524</u>	<u>43,984,044</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 49,265,288</u>	<u>\$ 47,759,148</u>

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

CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT				
Miami-Dade County Homeless Trust	\$ 7,894,613	\$ 128,799	\$ -	\$ 8,023,412
Miami-Dade County Public Schools	185,441	-	-	185,441
State of Florida	<u>215,752</u>	<u>-</u>	<u>-</u>	<u>215,752</u>
TOTAL PUBLIC SUPPORT	<u>8,295,806</u>	<u>128,799</u>	<u>-</u>	<u>8,424,605</u>
REVENUES				
Revenues from private sources	4,084,475	141,530	30,232	4,256,237
Investment income, net	149,296	286,295	-	435,591
Other	17,375	-	-	17,375
In-kind revenues	<u>793,198</u>	<u>-</u>	<u>-</u>	<u>793,198</u>
TOTAL REVENUES	<u>5,044,344</u>	<u>427,825</u>	<u>30,232</u>	<u>5,502,401</u>
Net assets released from restrictions	<u>1,101,841</u>	<u>(1,101,841)</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUES	<u>14,441,991</u>	<u>(545,217)</u>	<u>30,232</u>	<u>13,927,006</u>
EXPENSES				
Homeless Assistance Center operations	10,401,298	-	-	10,401,298
General and administrative	2,348,228	-	-	2,348,228
Development	792,000	-	-	792,000
Continuum of care	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
TOTAL EXPENSES	<u>13,741,526</u>	<u>-</u>	<u>-</u>	<u>13,741,526</u>
INCREASE (DECREASE) IN NET ASSETS	700,465	(545,217)	30,232	185,480
NET ASSETS, BEGINNING OF YEAR	<u>14,212,187</u>	<u>11,734,726</u>	<u>18,037,131</u>	<u>43,984,044</u>
NET ASSETS, END OF YEAR	<u>\$ 14,912,652</u>	<u>\$ 11,189,509</u>	<u>\$ 18,067,363</u>	<u>\$ 44,169,524</u>

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

CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT				
Miami-Dade County Homeless Trust	\$ 7,778,649	\$ 183,631	\$ -	\$ 7,962,280
Miami-Dade County Public Schools	171,386	-	-	171,386
State of Florida	<u>201,992</u>	<u>-</u>	<u>-</u>	<u>201,992</u>
TOTAL PUBLIC SUPPORT	<u>8,152,027</u>	<u>183,631</u>	<u>-</u>	<u>8,335,658</u>
REVENUES				
Revenues from private sources	3,557,940	233,589	603,085	4,394,614
Investment income, net	50,557	2,235,517	-	2,286,074
Other	15,525	-	-	15,525
In-kind revenues	<u>635,976</u>	<u>-</u>	<u>-</u>	<u>635,976</u>
TOTAL REVENUES	<u>4,259,998</u>	<u>2,469,106</u>	<u>603,085</u>	<u>7,332,189</u>
Net assets released from restrictions	<u>1,463,864</u>	<u>(1,463,864)</u>	<u>-</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUES	<u>13,875,889</u>	<u>1,188,873</u>	<u>603,085</u>	<u>15,667,847</u>
EXPENSES				
Homeless Assistance Center operations	9,959,905	-	-	9,959,905
General and administrative	2,118,041	-	-	2,118,041
Development	693,558	-	-	693,558
Continuum of care	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
TOTAL EXPENSES	<u>12,971,504</u>	<u>-</u>	<u>-</u>	<u>12,971,504</u>
INCREASE IN NET ASSETS	904,385	1,188,873	603,085	2,696,343
NET ASSETS, BEGINNING OF YEAR	<u>13,307,802</u>	<u>10,545,853</u>	<u>17,434,046</u>	<u>41,287,701</u>
NET ASSETS, END OF YEAR	<u>\$ 14,212,187</u>	<u>\$ 11,734,726</u>	<u>\$ 18,037,131</u>	<u>\$ 43,984,044</u>

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

CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 185,480	\$ 2,696,343
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	588,625	599,579
Net realized and unrealized investment (gains) losses	88,347	(1,701,048)
Bad debt expense, net of allowance for uncollectible pledges	20,000	108,000
Amortization of discount on pledges receivable	45,251	178,043
Contribution of other investment	-	(600,000)
Changes in operating assets and liabilities:		
(Increase) decrease in pledges receivables	(330,370)	82,495
Increase in other receivables	(5,339)	(138,782)
Increase in prepaid expenses and other assets	(125,768)	(7,438)
Increase in accounts payable, accrued expenses and other liabilities	123,890	74,163
Increase in deferred revenues	1,196,770	2,248,775
TOTAL ADJUSTMENTS	1,601,406	843,787
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,786,886	3,540,130
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant, and equipment	(277,443)	(161,742)
Purchase of investments, net of proceeds	(5,304,761)	(2,927,317)
NET CASH USED IN INVESTING ACTIVITIES	(5,582,204)	(3,089,059)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Increase) decrease in restricted cash equivalents	(291,279)	321,297
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(291,279)	321,297
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,086,597)	772,368
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	9,197,534	8,425,166
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,110,937	\$ 9,197,534
SUPPLEMENTAL DISCLOSURES:		
NON-CASH OPERATING TRANSACTIONS		
In-kind services and donations	\$ 793,198	\$ 635,976
NON-CASH INVESTING TRANSACTION		
Contribution of other investment (Note 4)	\$ -	\$ 600,000

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

CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Chapman Partnership, Inc. (the "Organization"), formerly known as Community Partnership for Homeless, Inc., changed its name on July 5, 2011. Chapman Partnership, Inc., 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 are prepared using the accrual basis of accounting. Net assets, revenue, gains and losses are classified into three classes of net assets based on the existence or absence of donor-imposed restrictions. In addition, the Organization is required to present a statement of cash flows. The three net asset categories are reflected in the accompanying financial statements as follows:

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.

Reclassification

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Use of 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 and 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. At various times during the years ended September 30, 2011 and 2010, the Organization maintains its cash with major financial institutions which the Organization believes limits its risk.

Restricted Cash Equivalents

Restricted cash equivalents represents cash restricted by donors for the Organization's endowment. Restricted cash is for long-term purposes.

Investments

The Organization reports its investments in marketable securities with readily determinable fair values and all investments in debt securities at fair value in the Statements of Financial Position.

CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

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

Investments (continued)

Investment gains and losses (including realized and unrealized gains and losses on investments, interest and dividends) are included in the accompanying Statements of Activities as increases or decreases in unrestricted net assets unless income or loss is restricted by donor or law.

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 was \$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. 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	3
Automobiles	3

Pledges Receivable and Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as restricted support. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted. 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.

Pledges receivable due in excess of one year are discounted at the present value of their estimated future cash flows. Unconditional promises and other receivables are recorded in the Statements of Financial Position at fair value estimated by discounted cash flow analyses, using an average discount rate of 5% for the years ended September 30, 2011 and 2010. Management reviews outstanding pledges on an ongoing basis. Management provides for probable uncollectible pledges through a provision for bad debt expense and an adjustment to the allowance based on its assessment of the current status of individual pledges receivable. Pledges receivable are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

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 year end.

**CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)**

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

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

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 at the date of donation.

Functional Allocation of Expenses

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

Income Taxes

The Organization is a not-for-profit corporation whose revenue is derived from contributions and other fund-raising activities and is not subject to federal or state income taxes. The Organization is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and the State of Florida jurisdiction are the major tax jurisdictions where the Organization files income tax returns. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2007.

Subsequent Events

The Organization has evaluated subsequent events through January 25, 2012, which is the date the financial statements were available to be issued.

Adoption of Accounting Pronouncements

Fair Value Measurements

In January 2010, the FASB issued an accounting standard update on fair value measurements and disclosures. The update requires more robust disclosures about (1) the different classes of assets and liabilities measured at fair value, (2) the valuation techniques and inputs used, (3) the activity in Level 3 fair value measurements, and (4) the transfers between Levels 1, 2, and 3. The Organization's adoption of the new disclosures and clarifications of existing disclosures that were effective for interim and annual reporting periods beginning after December 15, 2009 did not have an effect on the Organization's financial statements. The disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The adoption of the Level 3 disclosures is not expected to have an effect on the Organization's financial statements.

CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

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

Recent Accounting Pronouncement

Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS

In May 2011, the FASB issued an accounting standard update which works to achieve common fair value measurement and disclosure requirements in US GAAP and International Financial Reporting Standards. The update both clarifies the FASB's intent about the application of existing fair value guidance, and also changes certain principles regarding measurement and disclosure. The update is effective prospectively and is effective for annual periods beginning after December 15, 2011. Early application is permitted for interim periods beginning after December 15, 2011. The Organization is currently evaluating the effect the update will have on its financial statements.

2. PLEDGES RECEIVABLE, NET

The following are schedules of payments due relating to outstanding pledges receivable from various corporations, organizations and individuals. These payments have been discounted using a rate of 5% for 2011 and 2010. Pledges receivable, net is as follows at September 30:

	2011	2010
Pledges due in:		
Less than one year	\$ 1,996,353	\$ 1,291,485
One to five years	395,000	835,000
More than five years	175,000	200,000
Total	2,566,353	2,326,485
Less: Discount on long-term pledges	(84,720)	(129,971)
Less: Allowance for uncollectible pledges	(215,000)	(195,000)
Total discount and allowance	(299,720)	(324,971)
Pledges receivable, net	\$ 2,266,633	\$ 2,001,514

For the years ended September 30, 2011 and 2010, bad debt expense totaled \$20,000 and \$108,000, respectively.

3. INVESTMENTS

Investments are presented in the financial statements at their fair market values and consist of the following at September 30:

	2011	2010
Domestic Equity	\$ 9,656,421	\$ 8,957,929
International Equity	2,739,746	2,825,160
Global Fixed Income:		
Corporate	969,899	-
Government	279,821	-
Domestic Fixed Income:		
Corporate	5,429,060	7,603,797
Government	8,528,128	2,999,775
Total	\$ 27,603,075	\$ 22,386,661

CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

3. INVESTMENTS (CONTINUED)

The following schedules summarize the investment return and its classification in the Statements of Activities for the years ended September 30, 2011 and 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
2011		
Interest and dividend income	\$ 230,596	\$ 293,342
Net realized and unrealized losses on investments	(81,300)	(7,047)
	\$ 149,296	\$ 286,295
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>
2010		
Interest and dividend income	\$ 38,804	\$ 546,222
Net realized and unrealized gains on investments	11,753	1,689,295
	\$ 50,557	\$ 2,235,517

4. OTHER INVESTMENT

During the year ended September 30, 2010 the Organization was a 60% beneficiary of assets disbursed from a charitable remainder annuity trust ("Charitable Trust"). The Charitable Trust assets consisted of cash and real property located in Miami, Florida. The Organization recorded as an unrestricted contribution and other investment 60% of the fair market value of the Charitable Trust assets, which amounted to \$600,000 during the year ended September 30, 2010. A new appraisal was done on September 1, 2011 showing no change in the fair market value of the Trust assets.

Brickell Trust 8th Street Property, LLC ("LLC"), a Florida limited liability company, was incorporated on June 3, 2010. The LLC was organized as a joint venture between the Organization and the other six beneficiaries of the Charitable Trust assets to acquire, own, develop, finance, sell, lease or otherwise dispose of the real property and interests in real property, and to do any and all things necessary, convenient or incidental to that purpose and to engage in such other lawful activities as are reasonably necessary or useful to the furtherance of the foregoing purpose, upon and subject to the terms and conditions of the LLC Agreement.

5. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net, consists of the following at September 30,:

	<u>2011</u>	<u>2010</u>
Land	\$ 265,000	\$ 265,000
Buildings	146,960	146,960
Leasehold	511,618	511,618
Leasehold improvements	17,369,561	17,201,307
Furniture and fixtures	1,952,049	1,937,266
Computer equipment	1,466,808	1,428,850
Automobiles	747,468	691,020
	22,459,464	22,182,021
Less: accumulated depreciation	(10,039,821)	(9,451,196)
Total	\$ 12,419,643	\$ 12,730,825

CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 AND 2010

5. PROPERTY, PLANT AND EQUIPMENT, NET (CONTINUED)

Depreciation expense was \$588,625 and \$599,579 for the years ended September 30, 2011 and 2010, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

The Organization's temporarily restricted net assets consist of assets which have been restricted by the donor either as to the purpose or the passage of time. The time restrictions will be met in future periods and the purpose restrictions will be met when net assets are used for the specific purpose.

Contributions received for the acquisition of property, plant and equipment are reported as temporarily restricted assets as long as those assets continue to be in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense relating to the donated property, plant and equipment.

7. PERMANENTLY RESTRICTED NET ASSETS

The permanently restricted net assets consist of endowment donations to the Organization. The donors have instructed the Organization that the principal cannot be expended; however, the earnings generated by the original donated principal are available to be expended. Any earnings are included in temporarily restricted or unrestricted net assets as earnings are expended. Permanently restricted net assets were \$18,067,363 and \$18,037,131 as of September 30, 2011 and 2010, respectively.

8. FAIR VALUE MEASUREMENTS

The FASB establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the FASB Accounting Standards Codification ("ASC") 820 are described as follows:

The three levels of the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2011 and 2010.

Domestic and international equity is valued at the closing price reported on the active market in which the individual securities are traded.

**CHAPMAN PARTNERSHIP, INC.
(F/K/A COMMUNITY PARTNERSHIP FOR HOMELESS, INC.)**

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8. FAIR VALUE MEASUREMENTS (CONTINUED)

Global and domestic government fixed income investments are valued at the closing price reported in the active market in which the individual securities are traded.

Global and domestic corporate fixed income investments are valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

Items Measured at Fair Value on a Recurring Basis

The following tables represent the Organization's financial instruments measured at fair value on a recurring basis at September 30, 2011 and 2010 for each of the fair value hierarchy levels:

Fair Value Measurements at September 30, 2011				
<u>Description</u>	<u>9/30/2011</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Assets:				
Domestic Equity	\$ 9,656,421	\$ 9,656,421	\$ -	\$ -
International Equity	2,739,746	2,739,746	-	-
Global Fixed Income:				
Corporate	969,899	969,899	-	-
Government	279,821	279,821	-	-
Domestic Fixed Income:				
Corporate	5,429,060	5,429,060	-	-
Government	8,528,128	8,528,128	-	-
	<u>\$ 27,603,075</u>	<u>\$ 27,603,075</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Measurements at September 30, 2010				
<u>Description</u>	<u>9/30/2010</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Unobservable Inputs (Level 3)</u>
Assets:				
Domestic Equity	\$ 8,957,929	\$ 8,957,929	\$ -	\$ -
International Equity	2,825,160	2,825,160	-	-
Domestic Fixed Income:				
Corporate	7,603,797	7,603,797	-	-
Government	2,999,775	2,999,775	-	-
	<u>\$ 22,386,661</u>	<u>\$ 22,386,661</u>	<u>\$ -</u>	<u>\$ -</u>