CHAPMAN PARTNERSHIP, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

MBAF

MORRISON BROWN ARGIZ & FARRA, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

CHAPMAN PARTNERSHIP, INC. AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Chapman Partnership, Inc. and Affiliate

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Chapman Partnership, Inc. and Affiliate (a non-profit organization), which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Chapman Partnership, Inc. and Affiliate as of September 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental schedules on pages 27-29 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2017, on our consideration of Chapman Partnership, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* in considering Chapman Partnership, Inc. and Affiliate's internal control over financial reporting and compliance.

Morrison, Brown, Argiz & Farra

Miami, Florida
January 24, 2017

CHAPMAN PARTNERSHIP, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30,

ASSETS	2016	2015
Cash and cash equivalents (including temporarily restricted cash of $859,997 and $859,662 at September 30, 2016 and 2015, respectively)	$ 5,177,687	$ 6,790,880
Grant and other receivables	1,122,850	735,588
Prepaid expenses and other assets	516,775	545,789
Pledges receivable, net	1,135,600	1,389,844
Restricted cash equivalents	1,186,743	1,134,858
Investments	39,595,478	34,289,222
Other investment	-	632,000
Property, plant and equipment, net	14,012,317	13,785,582
TOTAL ASSETS	**$ 62,747,450**	**$ 59,303,763**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable, accrued expenses and other liabilities	$ 424,454	$ 800,544
Deferred revenue	3,099,463	3,075,280
TOTAL LIABILITIES	3,523,917	3,875,824
NET ASSETS		
Unrestricted	18,195,436	17,581,206
Temporarily restricted	21,894,475	18,922,955
Permanently restricted	19,133,622	18,923,778
TOTAL NET ASSETS	59,223,533	55,427,939
TOTAL LIABILITIES AND NET ASSETS	**$ 62,747,450**	**$ 59,303,763**

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

CHAPMAN PARTNERSHIP, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT				
Miami-Dade County Homeless Trust	$ 9,537,392	$ 908,200	$ -	$ 10,445,592
Miami-Dade County Public Schools	122,041	-	-	122,041
State of Florida	245,264	-	-	245,264
TOTAL PUBLIC SUPPORT	9,904,697	908,200	-	10,812,897
REVENUES				
Revenues from private sources	4,684,937	-	209,844	4,894,781
Investment income, net	187,336	2,915,301	-	3,102,637
Gain on sale of other investment (NOTE 4)	122,902	-	-	122,902
In-kind revenues	1,579,491	-	-	1,579,491
TOTAL REVENUES	6,574,666	2,915,301	209,844	9,699,811
NET ASSETS RELEASED FROM RESTRICTIONS	851,981	(851,981)	-	-
TOTAL PUBLIC SUPPORT AND REVENUES	17,331,344	2,971,520	209,844	20,512,708
EXPENSES				
Program	14,096,837	-	-	14,096,837
Management and general	1,513,554	-	-	1,513,554
Fundraising	1,106,723	-	-	1,106,723
TOTAL EXPENSES	16,717,114	-	-	16,717,114
INCREASE IN NET ASSETS	614,230	2,971,520	209,844	3,795,594
NET ASSETS AT BEGINNING OF YEAR	17,581,206	18,922,955	18,923,778	55,427,939
NET ASSETS AT END OF YEAR	**$ 18,195,436**	**$ 21,894,475**	**$ 19,133,622**	**$ 59,223,533**

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

CHAPMAN PARTNERSHIP, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT				
Miami-Dade County Homeless Trust	$ 9,252,212	$ 924,736	$ -	$ 10,176,948
Miami-Dade County Public Schools	102,882	-	-	102,882
State of Florida	234,330	-	-	234,330
TOTAL PUBLIC SUPPORT	9,589,424	924,736	-	10,514,160
REVENUES				
Revenues from private sources	4,801,441	-	219,101	5,020,542
Investment income (loss), net	19,620	(1,328,616)	-	(1,308,996)
Other	57	-	-	57
In-kind revenues	994,241	-	-	994,241
TOTAL REVENUES	5,815,359	(1,328,616)	219,101	4,705,844
NET ASSETS RELEASED FROM RESTRICTIONS	733,989	(733,989)	-	-
TOTAL PUBLIC SUPPORT AND REVENUES	16,138,772	(1,137,869)	219,101	15,220,004
EXPENSES				
Program	13,093,173	-	-	13,093,173
Management and general	1,427,833	-	-	1,427,833
Fundraising	1,088,250	-	-	1,088,250
TOTAL EXPENSES	15,609,256	-	-	15,609,256
INCREASE (DECREASE) IN NET ASSETS	529,516	(1,137,869)	219,101	(389,252)
NET ASSETS AT BEGINNING OF YEAR	17,051,690	20,060,824	18,704,677	55,817,191
NET ASSETS AT END OF YEAR	**$ 17,581,206**	**$ 18,922,955**	**$ 18,923,778**	**$ 55,427,939**

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

CHAPMAN PARTNERSHIP, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

		Supporting Services		
	Program	Management and General	Fundraising	Total
Salaries	$ 4,723,885	$ 620,019	$ 208,737	$ 5,552,641
Payroll taxes	329,229	85,454	14,477	429,160
Health and retirement benefits	976,974	219,142	12,592	1,208,708
Total salaries, taxes, and benefits	6,030,088	924,615	235,806	7,190,509
Professional fees	328,514	396,701	19,233	744,448
Security	347,256	-	-	347,256
Supplies	484,664	17,701	-	502,365
Food	877,763	-	-	877,763
Marketing and communications	92,382	5,304	291,140	388,826
Postage and shipping	20,167	4,354	24,931	49,452
Occupancy	1,546,719	13,947	-	1,560,666
Rental equipment	69,114	4,205	-	73,319
Transportation and travel	59,051	69,927	5,149	134,127
Membership and publications	-	8,012	1,820	9,832
Insurance	160,433	38,837	-	199,270
Conferences and meetings	60,009	8,721	2,754	71,484
Client expenses	491,467	-	-	491,467
In-kind expenses	1,579,491	-	-	1,579,491
Health services	936,750	-	-	936,750
Continuum of care	200,000	-	-	200,000
Development and event expenses	-	-	525,890	525,890
Bad debt	-	21,230	-	21,230
Depreciation	812,969	-	-	812,969
TOTAL EXPENSES	**$ 14,096,837**	**$ 1,513,554**	**$ 1,106,723**	**$ 16,717,114**

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

CHAPMAN PARTNERSHIP, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

		Supporting Services		
	Program	Management and General	Fundraising	Total
Salaries	$ 4,688,614	$ 626,282	$ 285,315	$ 5,600,211
Payroll taxes	328,579	94,944	19,845	443,368
Health and retirement benefits	1,001,870	238,735	5,214	1,245,819
Total salaries, taxes, and benefits	6,019,063	959,961	310,374	7,289,398
Professional fees	228,246	276,161	13,221	517,628
Security	346,605	-	-	346,605
Supplies	420,887	18,467	-	439,354
Food	801,981	-	-	801,981
Marketing and communications	92,856	8,770	230,637	332,263
Postage and shipping	10,694	5,352	26,347	42,393
Occupancy	1,542,007	7,150	-	1,549,157
Rental equipment	69,506	16,405	-	85,911
Transportation and travel	50,344	82,751	9,639	142,734
Membership and publications	-	8,260	4,023	12,283
Insurance	153,647	37,529	-	191,176
Conferences and meetings	59,073	5,827	12,500	77,400
Client expenses	434,342	-	-	434,342
In-kind expenses	994,241	-	-	994,241
Health services	931,409	-	-	931,409
Continuum of care	200,000	-	-	200,000
Development and event expenses	-	-	481,509	481,509
Bad debt	-	1,200	-	1,200
Depreciation	738,272	-	-	738,272
TOTAL EXPENSES	**$ 13,093,173**	**$ 1,427,833**	**$ 1,088,250**	**$ 15,609,256**

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

CHAPMAN PARTNERSHIP, INC. AND AFFILIATE

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 3,795,594	$ (389,252)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	812,969	738,272
Net realized and unrealized investment (gain) loss	(2,300,028)	2,213,784
Gain from sale of other investment	(122,902)	-
Contributions restricted for endowment	(200,000)	(200,000)
Bad debt expense	21,230	1,200
Changes in operating assets and liabilities:		
Increase in grant and other receivables	(387,262)	(359,914)
Decrease (increase) in prepaid expenses and other assets	29,014	(68,435)
Decrease (increase) in pledges receivable	233,014	(150,354)
(Decrease) increase in accounts payable, accrued expenses and other liabilities	(376,090)	164,218
Increase (decrease) in deferred revenue	24,183	(104,720)
TOTAL ADJUSTMENTS	(2,265,872)	2,234,051
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,529,722	1,844,799
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(1,039,704)	(1,021,084)
Net (purchases of) proceeds from investments	(3,006,228)	1,010,541
Proceeds from sale of other investment	754,902	-
Net purchases of assets restricted for investment in endowment	(51,885)	(241,626)
NET CASH USED IN INVESTING ACTIVITIES	(3,342,915)	(252,169)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for permanent endowment	200,000	200,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	200,000	200,000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,613,193)	1,792,630
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,790,880	4,998,250
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 5,177,687**	**$ 6,790,880**

	2016	2015
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
NON-CASH OPERATING TRANSACTIONS		
In-kind services and donations	**$ 1,579,491**	**$ 994,241**

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Chapman Partnership, Inc. ("Chapman") 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 the 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. Chapman 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.

In December 2012, Chapman established a wholly-owned non-profit organization named CP 1551, Inc., for the purpose of acquiring real property.

Chapman offers a comprehensive, holistic approach to homeless assistance through onsite services and partnerships that help residents attain self-sufficiency and housing stability. These resources include a wide array of programs that go far beyond just emergency shelter, and include comprehensive case management; health, dental and mental health care; child care; job development, training and placement; and permanent housing assistance facilitated by a variety of social service agencies – all located under one roof.

Healthcare at Chapman encompasses medical, dental and mental health services. Health clinics located at Chapman Partnership North and Chapman Partnership South are designed to stabilize and address the immediate needs of residents, including acute health problems and chronic conditions, and serve as a resident's primary care provider during their stay. Through the operation of a Mobile Dental Unit, residents have access to preventive and restorative oral health care, including dental exams, X-rays, cleanings, fillings and tooth extractions. Mental health services help residents deal with common diagnoses, such as depression and anxiety disorders, bipolar disease and schizophrenia.

The Family Resource Centers at Chapman Partnership North and Chapman Partnership South empower the homeless by creating a nurturing environment where children can succeed. Family Resource Centers offer after school and full-day summer programming that promotes positive, healthy development among adolescents and teens; as well as year-round evening family enrichment activities that foster family bonding, contributing to the overall wellbeing of the family unit.

The job development program operated at Chapman Partnership North and Chapman Partnership South includes vocational training and education in culinary arts, environmental services, security, and other career fields; work readiness assistance (e.g., resume writing, interview skills, and computer training); and job placement, with the goal of assisting persons experiencing homelessness in securing full-time jobs paying above minimum wage.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of Chapman Partnership, Inc. and its affiliate, CP 1551, Inc., collectively referred to as the "Organization." All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

The consolidated 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 consolidated statements of cash flows. The three net asset categories are reflected in the accompanying consolidated 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.

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

Basis of Presentation and Principles of Consolidation (Continued)

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.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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 consolidated 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.

Restricted Cash Equivalents

Restricted cash equivalents represent 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 Consolidated Statements of Financial Position.

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

Concentration of Credit and Market Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limits. The Organization limits its exposure by placing its deposits with quality financial institutions. At times, such balances may be in excess of the insurance limits of the FDIC. The Organization has not experienced losses in such accounts.

Investments are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. The Organization's investments in equity and fixed income securities are considered a concentration of market risk as they are approximately 52% and 46%, respectively, of total investments at September 30, 2016 and approximately 53% and 42%, respectively, of total investments at September 30, 2015. The Organization has an investment policy and utilizes management oversight, and regularly reviews its investment portfolio to monitor these risks.

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques, as appropriate. Unless otherwise disclosed, the fair value of financial instruments approximates their recorded values due primarily to the short-term nature of their maturities.

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

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 Consolidated 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 grants and other receivables are recorded in the Consolidated Statements of Financial Position at fair value estimated by discounted cash flow analysis, using an average discount rate of 5% for the years ended September 30, 2016 and 2015. 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.

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 at date of gift 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:

Asset	Life
Leasehold, buildings and leasehold improvements	Shorter of useful life or lease term
Furniture and fixtures	10 years
Computer equipment	3 years
Automobiles	3 years

Deferred Revenue

The Organization records deferred revenue for monies received in advance for special events and other programs that have not taken place as of year end.

In-Kind Donations

The Organization receives 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.

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

Functional Allocation of Expenses

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

Income Taxes

Chapman Partnership, Inc. 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. Chapman Partnership, Inc. is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code. CP 1551, Inc. is a not-for-profit corporation and is not subject to federal or state income taxes.

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 2013.

Recent Accounting Pronouncements

<u>Lease accounting</u>

In February 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Accounting by lessors remains largely unchanged from current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

<u>Presentation of Financial Statements of Not-for-Profit Entities</u>

In August 2016, the FASB issued an accounting standard update which aims to improve information provided to creditors, donors, grantors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve the information presented and disclosed in financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with earlier application permitted. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

Reclassifications

Certain amounts in the 2015 consolidated financial statements were reclassified to conform to the 2016 consolidated financial statement presentation.

Subsequent Events

The Organization has evaluated subsequent events through January 24, 2017, which is the date the consolidated financial statements were available to be issued.

2. PLEDGES RECEIVABLE, NET

The following are schedules of payments due relating to outstanding pledges receivable from various corporations, organizations and individuals. Pledges receivable, net are as follows at September 30:

	2016	2015
Pledges due in:		
Less than one year	$ 949,370	$ 1,241,758
One to five years	220,000	250,000
More than five years	5,000	10,000
Total	1,174,370	1,501,758
Less: Discount on long-term pledges	(18,270)	(28,114)
Less: Allowance for uncollectible pledges	(20,500)	(83,800)
Total discount and allowance	(38,770)	(111,914)
Pledges receivable, net	**$ 1,135,600**	**$ 1,389,844**

For the years ended September 30, 2016 and 2015, bad debt expense totaled $21,230 and $1,200, respectively.

3. INVESTMENTS

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

	2016	2015
Domestic equity	$ 16,352,952	$ 14,237,516
International equity	4,245,781	4,105,055
Global fixed income:		
Corporate	2,581,924	2,351,491
Government	127,556	-
Domestic fixed income:		
Corporate	10,327,405	8,572,364
Government	5,211,222	3,341,920
Commodity futures	748,638	1,680,876
Total	**$ 39,595,478**	**$ 34,289,222**

During the year ended September 30, 2016, the Board of Directors approved a long term plan to invest in a private equity fund. Subsequent to year end, the initial capital contribution of approximately $182,000 to the private equity fund was made. The total commitment to the fund is $3 million and is being funded by a reallocation of the investment pool.

3. INVESTMENTS (CONTINUED)

The following schedules summarize the investment income (loss) and its classification in the Consolidated Statements of Activities for the years ended September 30, 2016 and 2015:

2016	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	$ 149,471	$ 653,138	$ 802,609
Net realized and unrealized income on investments	37,865	2,262,163	2,300,028
Gain on sale of other investment	122,902	-	122,902
	$ 310,238	**$ 2,915,301**	**$ 3,225,539**

2015	Unrestricted	Temporarily Restricted	Total
Interest and dividend income	$ 159,451	$ 745,337	$ 904,788
Net realized and unrealized losses on investments	(139,831)	(2,073,953)	(2,213,784)
	$ 19,620	**$ (1,328,616)**	**$ (1,308,996)**

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 Charitable 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.

During the year ended September 30, 2012, the Organization acquired for $32,000 the interests of two beneficiaries which had 5% interests in the LLC. As a result, the Organization owned 70% of the LLC at September 30, 2015. The other investment was $632,000 for the year ended September 30, 2015. During the year ended September 30, 2016, the property was sold at a gain of $122,902, which is reflected under “Gain on sale of other investment” in the Consolidated Statement of Activities for the year then ended.

5. PROPERTY, PLANT AND EQUIPMENT, NET

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

	2016	2015
Land	$ 1,495,000	$ 1,495,000
Buildings	146,960	146,960
Leasehold	511,618	511,618
Leasehold improvements	20,207,160	19,299,917
Furniture and fixtures	2,396,217	2,313,411
Computer equipment	1,940,730	1,891,075
Automobiles	844,813	844,813
	27,542,498	26,502,794
Less accumulated depreciation	(13,530,181)	(12,717,212)
Total	**$ 14,012,317**	**$ 13,785,582**

Depreciation expense was $812,969 and $738,272 for the years ended September 30, 2016 and 2015, 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 the 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 acquired property, plant and equipment. Temporarily restricted net assets were $21,894,475 and $18,922,955 as of September 30, 2016 and 2015, respectively.

7. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of endowment contributions to the Organization. The donors have instructed the Organization that the principal cannot be expended; however, the earnings generated by the originally 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 $19,133,622 and $18,923,778 as of September 30, 2016 and 2015, respectively.

8. FAIR VALUE MEASUREMENTS

The FASB Accounting Standards Codification ("ASC") 820 *Fair Value Measurements and Disclosures*, 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 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, 2016 and 2015.

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

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

Commodities are valued at net asset value ("NAV"), which is determined daily by the individual fund. These investments are redeemable at their net asset value per share on a daily basis. Additionally, there are no unfunded commitments or redemption notice or lock up periods. In determining the fair value level, the Organization considers the length of time until the investment is redeemable, including notice and lock up periods or any other restriction on the disposition of the investment.

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.

8. FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2016 and 2015, for each of the fair value hierarchy levels:

		Fair Value Measurements at September 30, 2016		
Description	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Domestic equity	$ 16,352,952	$ 16,352,952	$ -	$ -
International equity	4,245,781	4,245,781	-	-
Global fixed income:				
Corporate	2,581,924	2,581,924	-	-
Government	127,556	127,556	-	-
Domestic fixed income:				
Corporate	10,327,405	10,327,405	-	-
Government	5,211,222	5,211,222	-	-
Commodity futures	748,638	748,638	-	-
	$ 39,595,478	**$ 39,595,478**	**$ -**	**$ -**

		Fair Value Measurements at September 30, 2015		
Description	Total	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Domestic equity	$ 14,237,516	$ 14,237,516	$ -	$ -
International equity	4,105,055	4,105,055	-	-
Global fixed income:				
Corporate	2,351,491	2,351,491	-	-
Domestic fixed income:				
Corporate	8,572,364	8,572,364	-	-
Government	3,341,920	3,341,920	-	-
Commodity futures	1,680,876	1,680,876	-	-
	$ 34,289,222	**$ 34,289,222**	**$ -**	**$ -**

9. ENDOWMENT

The Organization's endowment consists of individual funds established for a variety of purposes. Its endowment is comprised of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The Organization has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the FUPMIFA.

In accordance with the FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;

(2) The purposes of the Organization and the donor-restricted endowment fund;

(3) General economic conditions;

(4) The possible effect of inflation and deflation;

(5) The expected total return from income and the appreciation of investments;

(6) Other resources of the Organization;

(7) The investment policies of the Organization.

For the years ended September 30, 2016 and 2015, the Organization has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

Summary of Endowment Assets:

Endowment assets are comprised of the following at September 30:

	2016	2015
Restricted cash equivalents	$ 1,186,743	$ 1,134,858
Pledges receivable, net	281,730	346,886
Investments	32,715,226	29,577,240
Deferred revenue	(200,000)	(200,000)
	$33,983,699	**$ 30,858,984**

Summary of Endowment Net Assets at September 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	**$ -**	**$ 14,850,077**	**$ 19,133,622**	**$ 33,983,699**

9. ENDOWMENT (CONTINUED)

Summary of Endowment Net Assets at September 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$11,935,206	$18,923,778	$ 30,858,984

Changes in endowment net assets during the year ended September 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	$ -	$11,935,206	$18,923,778	$ 30,858,984
Interest and dividends	-	652,708	-	652,708
Net investment income	-	2,262,163	-	2,262,163
Contributions	-	-	209,844	209,844
Endowment net assets, ending	**$ -**	**$14,850,077**	**$19,133,622**	**$ 33,983,699**

Changes in endowment net assets during the year ended September 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning	$ -	$13,264,432	$18,704,677	$ 31,969,109
Interest and dividends	-	744,727	-	744,727
Net investment loss	-	(2,073,953)	-	(2,073,953)
Contributions	-	-	219,101	219,101
Endowment net assets, ending	**$ -**	**$11,935,206**	**$18,923,778**	**$ 30,858,984**

Funds with Deficiencies

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor or the FUPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of September 30, 2016 and 2015.

Return Objectives and Risk Parameters

The Organization has adopted an investment and spending policy for endowment assets that attempts to preserve the real (inflation adjusted) value of endowment assets, increase the real value of the portfolio and facilitate a potential distribution to support some level of future operations. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s).

Strategies Employed for Achieving Objectives

As approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that are commensurate with an intermediate-long term investment time horizon. This is expected to be achieved by assuming a moderate level of risk. The Organization expects its endowment funds, over time, to provide a rate of return in excess of the original permanently restricted principal. Actual returns in any given year may vary.

9. ENDOWMENT (CONTINUED)

Strategies Employed for Achieving Objectives (Continued)

The endowment funds are managed with the following objectives:
a) Maintain the safety of the principal
b) Maintain the necessary liquidity to ensure funds are available to support operational needs
c) Obtain a reasonable return for a prudent level of risk.

Spending Policy and How the Investment Objectives Related to Spending Policy

The amount that will be set aside for spending annually will be half of the real return of the endowment fund. Real return is defined as the nominal annual return minus inflation. The annual amount set aside will be capped at an amount no greater than the rolling average of the last three fiscal year's private support. Set aside funds may only be used to seed strategic initiatives and/or program expansion. Funded programs must achieve sustainability within three years. Approval for funding will be via vetting of the Executive Committee and ratification by the Board of Trustees. The amount distributed under the above described formula shall however be subject to the following limitations: Such distributions shall be limited in that it shall not cause the remaining balance of the Endowment Fund principal to be less than the fund balance at the beginning of the fiscal year to which the distribution was attributable. Historically, the Organization has not used any of its endowment earnings to fund operations.

10. RELATED PARTY TRANSACTIONS

Certain members of the Board of Trustees made contributions of approximately $310,000 and $333,000 during the years ended September 30, 2016 and 2015, respectively. The amounts outstanding in pledges receivable from members of the Board of Trustees at September 30, 2016 and 2015 was approximately $53,000 and $167,000, respectively.

11. 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 adopted a 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, the Organization signed a second renewal and an amendment agreement covering the second and third renewal periods from December 15, 2003 through December 16, 2013. In October 2013, the Trust approved two additional five-year terms through December 16, 2023.

In connection with the service agreement entered into with the Trust in 1993, the Organization raised the required $8.5 million within the specified time frame to site, design, construct, and operate up to three Homeless Assistance Centers for the homeless population of Miami-Dade County. Upon termination of the service agreement, assets acquired with tax proceeds and/or the $8.5 million are required to be returned to the Trust. 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.

Amounts received from the Trust for the operation of the homeless assistance centers and capital expenditures were $10,445,592 and $10,176,948, for the years ended September 30, 2016 and 2015, respectively.

11. 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, 2016 and 2015, amounted to approximately $122,000 and $103,000, respectively.

The Organization pays $1 per year rent to Miami-Dade County for the Homestead facility.

12. CONCENTRATIONS OF PLEDGES RECEIVABLE, SUPPORT AND REVENUES

Concentrations of risk exist with respect to contributions and pledges made to the Organization during the year. Revenues from private sources totaling approximately $1,750,000 from three donors and $1,000,000 from one donor were made during the years ended September 30, 2016 and 2015, respectively. The Organization received approximately 52% and 68% of its total public support and revenues from Miami-Dade County during the years ended September 30, 2016 and 2015, respectively.

13. RETIREMENT PLANS

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, 2016 and 2015, totaled $174,407 and $170,188, respectively.

On September 12, 2011, the Organization adopted a 457(f) non-qualified deferred compensation plan for the President & Chief Executive Officer ("CEO"). The Organization's initial contribution of $95,000 was contributed on September 26, 2011. Thereafter, effective October 1, 2011, bi-weekly contributions of 7.5% of the President & CEO's base salary will be deposited by wire into a newly opened retirement account at a financial institution for the benefit of the President & CEO. The agreement calls for the President & CEO to remain with the Organization at least through September 2017. Upon separation from service, retirement, disability or death, the plan assets would be transferred to the President & CEO or his beneficiary. The assets set aside to fund the plan are owned by the Organization and are included as an asset within "Prepaid expenses and other assets" and as a corresponding liability within "Accounts payable, accrued expenses and other liabilities" on the Consolidated Statements of Financial Position. The balance in the deferred compensation account was approximately $223,000 and $188,000 at September 30, 2016 and 2015, respectively. The Organization's contribution to the plan for the years ended September 30, 2016 and 2015 totaled $17,382 and $15,892, respectively.

14. 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 consolidated financial position.

MBAF
MORRISON BROWN ARGIZ & FARRA, LLC
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Chapman Partnership, Inc. and Affiliate

We have audited, in accordance with the 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, the consolidated financial statements of Chapman Partnership, Inc. and Affiliate (the "Organization") (a non-profit organization), which comprise the consolidated statement of financial position as of September 30, 2016, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 24, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from 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 consolidated 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*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Morrison, Brown, Argiz & Farra

Miami, Florida
January 24, 2017

INDEPENDENT ACCOUNTANT'S REPORT ON MANAGEMENT'S ASSERTION

To the Board of Trustees of
Chapman Partnership, Inc. and Affiliate

We have examined management's assertion, included in the accompanying "Management's Assertion Report," that Chapman Partnership, Inc. and Affiliate (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 in the supplemental Schedule of County Financial Awards during the year October 1, 2015 through September 30, 2016. The Organization's management is responsible for the assertion. Our responsibility is to express an opinion on the assertion 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 supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on the criteria set forth above.

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

Morrison, Brown, Argiz & Farra

Miami, Florida
January 24, 2017

MANAGEMENT'S ASSERTION REPORT

I, H. Daniel Vincent, hereby assert that Chapman Partnership, Inc. and Affiliate complied with allowable costs and activities, matching, and financial reporting requirements of the grants identified in the attached Schedule of County Financial Awards for the year ended September 30, 2016.

H Daniel Vincent

H. Daniel Vincent
President & CEO
January 24, 2017

SUPPLEMENTAL SCHEDULES

SCHEDULE OF COUNTY FINANCIAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Grantor/ Program Title		Amount
County Financial Awards:		
Miami-Dade County Homeless Trust Share	$	9,185,292
Miami-Dade County Homeless Trust Share - Revenue Maximization Grant		352,100
Miami-Dade County Homeless Trust Share - Capital		908,200
Miami-Dade County Public Schools Board Share		122,041
Total County Financial Awards	**$**	**10,567,633**

See accompanying notes to schedule.

CHAPMAN PARTNERSHIP, INC. AND AFFILIATE

SCHEDULE OF EXPENSES UNDER PROVISIONS OF THE
CONTRACT WITH MIAMI-DADE COUNTY HOMELESS TRUST
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Salaries	$ 5,552,641
Payroll taxes	429,160
Health and retirement benefits	1,208,708
Total salaries, taxes, and benefits	7,190,509
Professional fees	744,448
Security	347,256
Supplies	502,365
Food	877,763
Marketing and communications	388,826
Postage and shipping	49,452
Occupancy	1,560,666
Rental equipment	73,319
Transportation and travel	134,127
Membership and publications	9,832
Insurance	199,270
Conferences and meetings	71,484
Client expenses	491,467
In-kind expenses	1,579,491
Health services	936,751
Continuum of care	200,000
Development and event expenses	525,890
Bad debt	21,230
Depreciation	812,968
Total other expenses	9,526,605
Total expenses including in-kind	16,717,114
Less: In-kind	(1,579,491)
Total expenses excluding in-kind	**$ 15,137,623**
Miami-Dade County Homeless Trust share	**$ 9,537,392**
Chapman Partnership, Inc. share	**$ 5,600,231**

See accompanying notes to schedule.

NOTES TO SCHEDULE OF COUNTY FINANCIAL AWARDS
AND SCHEDULE OF EXPENSES UNDER PROVISIONS OF THE
CONTRACT WITH MIAMI-DADE COUNTY HOMELESS TRUST
FOR THE YEAR ENDED SEPTEMBER 30, 2016

1. GENERAL

The accompanying Schedule of County Financial Awards presents the activity of all financial awards received by the Organization during the year ended September 30, 2016 from Miami-Dade County Homeless Trust and Miami-Dade County Public School Board. The Schedule of Expenses Under Provisions of the Contract with Miami-Dade County Homeless Trust presents the expenses of the Organization during the year ended September 30, 2016. The Schedule of County Financial Awards and Schedule of Expenses Under Provisions of the Contract with Miami-Dade County Homeless Trust are collectively referred to as the “Schedules.”

2. BASIS OF ACCOUNTING

The accompanying Schedules are presented using the accrual basis of accounting. The information in the Schedules is presented in accordance with the requirements of the contract with Miami-Dade County Homeless Trust.