

2011 ANNUAL REPORT

Extreme Makeover—Home Edition

When an F5 tornado struck Joplin, Missouri on May 22nd, 2011, Neighborhood Housing Services of Kansas City's President Mark Stalsworth couldn't foresee the level of involvement that would follow. "I used to spend a lot of time in Joplin working with nonprofits there a few years ago, so I was concerned about the residents and my friends," says Stalsworth. "I knew from that first day that NeighborWorks® would be involved in the recovery, somehow, but I didn't know that NHS would be a part of bringing the story to television."

After an initial visit to Joplin in the weeks following the tornado, the

process of obtaining a grant was started the very next day. "When we were finishing up the details, John Joines, Executive Director of the Economic Development Corporation of Southwest Missouri, called and told me that Extreme Makeover Home Edition wanted to do a whole street of houses, seven houses in total. The problem was he needed to buy the land and commit to specific sites so that planning could begin. He needed to buy the land, replat the lots and get everything done ASAP," stated Stalsworth. NHS and NeighborWorks® then worked with the Joplin agency to develop a plan to provide funding. \$200,000 was made availa-

ble, with NHS serving as the grant administrator.

Months of advance work, interviewing, sponsor coordination, site planning and negotiations followed. By the time the Extreme Makeover team had come and gone, the \$200,000 grant had been leveraged to build seven 1500 square feet homes valued at over \$2,000,000. Major suppliers of home products, appliances, paint, and lumber had contributed their products, and volunteers had contributed thousands of hours of work. "I feel very lucky that NHS and NeighborWorks® came to the table the way they did," says John Joines. "Their money made this whole process possible."

WHAT WE DO:

- *Real Estate Development*
- *HomeOwnership Center*
- *Community Relations*

NHS is committed to community redevelopment and economic reinvestment in the city to foster revitalization through renovation of the historic homes in established neighborhoods.



INSIDE THIS ISSUE:

REAL ESTATE DEVELOPMENT	2
HOMEOWNERSHIP CENTER	3
ABOUT US	4
FINANCIALS	5
COMMUNITY RELATIONS	6

PROMISES BROKEN, NHS STEPS IN

*"THERE ARE NO
WORDS TO
EXPRESS MY
GRATITUDE..."
MARY HERRARA*

Mary Herrera raised four children in her house that have since moved away and built their own lives. She is now on her own to maintain the place that holds so many memories; the place she has always called home. As with many people, the needed repairs started small, began to build over time, and the estimated costs began to rise. Working with various organi-

zations, Mrs. Herrera was promised many of these needed repairs would be covered starting with a new roof. But as program funding ran out, Mary was left with no repairs and little hope of getting the needed work done.

Jim Haake, Construction Manager for NHS, was able to work with Mary to get, not only the roof replaced, but

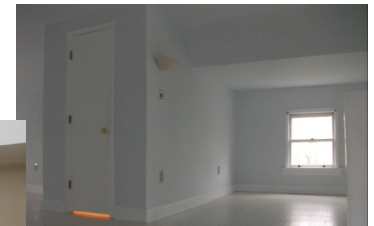
many smaller projects completed including electrical and plumbing work. Mary was very pleased with the quality of work and the level of customer service provided by NHS. "A special thanks to Mr. Haake for his personal concern... My house is a lot warmer with the new roof. There are no words to express my gratitude to you..."

BUILDING OUR OWN FUTURE

Beginning in 2011, NHS laid the foundation for acquiring, rehabilitating, and selling housing without outside financial assistance. The Real Estate Development team of Rob Rawlings, Tom Jung, and Jim Haake carefully re-

view the potential homes and the first few have proven to be very successful with a 13% net profit this year. These profits will be reinvested as this program continues to develop. Next year, NHS looks to double the number

of homes rehabilitated. In the future, this will provide a steady revenue source free from the restrictions of other programs.



*Before and
After Photos*

MAKING A DIFFERENCE

During 2011, 29 homeowners were able to receive assistance from NHS to complete Minor Home Repair projects. These projects totaled over \$272,000 in construction costs. The average cost was just over \$9,400 for each job with some jobs at \$4,000-\$5,000 and others topping out about \$16,400. Repairs included anything from new

paint, doors, or windows to entire new roofs, HVAC systems, upgraded electrical or plumbing, and foundation work.

Funding for the Minor Home Repair program was made possible through a grant provide to NHS by the City of Kansas City. These monies are designated for qualified

residents in the historic neighborhoods with low to moderate incomes and make a huge difference in their lives.

Saundra Hayes was one such individual who thanked NHS for a "wonderful opportunity to have a much needed new furnace, wiring of the entire house, (and) a fresh new paint job..."

*29 MINOR
HOME REPAIRS*

*TOTAL COST
\$272,000*

EDUCATION IS KEY

When you talk with NHS President & CEO Mark Stalsworth, you will discover just how passionate he is about home buyer education and the connection to stabilizing a community. “Individuals who complete an education class prior to purchasing a home are less likely to have trouble making payments or end up in foreclosure. Keeping people in their homes is crucial for any community to succeed.” Accord-

ing to data collected by NHS, less than 1/10 of 1 percent of the homeowners who have completed a qualified home-buyer education class have been faced with foreclosure during the recent housing crisis.

NHS has embraced the concept that it is not enough to repair a home and sell it to a qualified buyer. Our goal is to prepare homebuyers for what is usually the largest

investment they will make, sell them a quality home financed by a socially responsible loan product, and then provide resources to help them stay in their home over the long term. Our goal is to become a partner with our clients, providing a full range of housing related services including home improvement loans, energy retrofit loans, and budget counseling.

*LESS THAN
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THE AMERICAN DREAM

The American Dream has always included owning a home of your own. But have you ever wondered where to go when you want to buy a home? What do you look for, how much can you afford, where do you start? The process can be confusing and overwhelming to many especially in recent years with foreclosures on the rise. The NHS HomeOwnership Cen-

ter is the place with all the answers.

In 2011, over 175 individuals were taught the home buying process and mortgage planning steps through the HomeOwnership Education classes. This comprehensive one day class covers all the questions many potential buyers have when starting on this life changing path. In addition,

the HomeOwnership staff works with you to determine if your current financial rating will support this major investment. Through this program, 60 families were able to fulfill their dream of homeownership.



PROTECT YOUR CHILDREN, PROTECT YOUR ASSETS

If something tragic struck your family, would you be prepared? Many times families only focus on the goal of obtaining a home. As the largest investment for many, protecting your home and, more importantly, your family is even more essential. Raymond Morrison made this

realization upon completing the HomeOwnership Education Class taught by NHS HomeOwnership Specialist, Latrice Stewart. “We will have a significant asset that will need to be protected. Your class made me realize that... thank you. For those with small children having a

will drawn up will help protect not only their home but also, and maybe more importantly, their family’s security,” commented Mr. Morrison, one of the program’s participants who went on to become a homeowner.

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Marquetta Broome, Loan Officer

Tom Jung, Senior Construction Project Manager

Jim Haake, Construction Project Manager

Augusta Wilbon, Community Liaison

Stacy E. Purvis, Resource Development Officer

Our Mission: to revitalize and maintain designated urban neighborhoods as vibrant areas that attract people who value diversity, historic architecture, security, and community.

COMMUNITY PARTNERS



NEIGHBORHOOD HOUSING SERVICES OF KANSAS CITY, INC. AND SUBSIDIARIES

SUMMARY OF AUDITED FINANCIAL STATEMENTS

Year Ended September 30, 2011

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

Cash	999,903
Accounts Receivable	86,661
Property Available for Sale	435,575
Property and Equipment	496,008
Real Estate Loans Receivable	260,796
Other Long-Term Assets	379,597
Investment in Subsidiaries	207,976
TOTAL ASSETS	<u>2,866,855</u>

LIABILITIES

Accounts Payable	49,664
Accrued Expenses	14,700
Escrows and Deposits	178,734
Total Notes Payable and LOCs	773,707
TOTAL LIABILITIES	<u>1,016,805</u>

Unrestricted Net Assets	(121,302)
Temporarily Restricted Net Assets	2,500
Permanently Restricted Net Assets	1,968,852
TOTAL NET ASSETS	<u>1,850,050</u>

TOTAL LIABILITIES AND NET ASSETS	<u>2,866,855</u>
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Net Asset Composition (exclusive of subs)



Functional Expenses



CONSOLIDATED STATEMENTS OF ACTIVITIES

SUPPORT AND REVENUE

Support	
Corporate and Foundation Donations	76,501
Grants and Operating Assistance	310,623
Total Support	<u>387,124</u>

Revenue

Housing Sales	4,657
Service Contracts	1,614,954
Interest on Notes/Investments	9,761
Program Income	14,924
Counseling/Loan Origination Fees	13,134
Management/Development Fees	2,835
Rental Income	185,962
Restricted Income	3,369
Miscellaneous	2,695
Total Revenue	<u>1,852,291</u>

TOTAL SUPPORT AND REVENUE	<u>2,239,415</u>
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EXPENSES

Program Services	
Housing Development	1,470,979
Minor Home Repair	393,956
Asset Management	166,615
Homebuyer Education/Mortgage Lending	225,712
Community Services	42,294
Total Program Services	<u>2,299,556</u>

Supporting Services	
Management and General	166,522
Fundraising	27,037
Total Supporting Services	<u>193,559</u>

TOTAL EXPENSES	<u>2,493,115</u>
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CHANGE IN NET ASSETS	<u>(253,700)</u>
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Sources of Support and Revenue



NEIGHBORHOOD HOUSING
SERVICES OF KANSAS CITY, INC.

5838 Troost Avenue
Kansas City, MO 64110
Phone: 816-822-7703
Fax: 816-822-7212
Www.nhsofkcmo.org
Email: info@nhsofkcmo.org

HOUSING DONE RIGHT!



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Neighborhood Housing Services has been a leader in Community Development since it was founded in 1974. During this time, NHS has constructed or significantly rehabilitated over 365 homes, provided purchase financing and repair funding for thousands of homes, and developed over 180 multi-family rental units. As a NeighborWorks® Network Chartered Member, NHS has access to programs that are not available to many other not for profit agencies. This allows NHS to provide services more efficiently and effectively than is common among Community Development Corporations.

MANHEIM PARK GARDEN HONORED

On a beautiful autumn day, on a former vacant lot, the Missouri Department of Agriculture honored the Historic Manheim Park Community Garden as the 9,000th Missouri Community Garden to accept its' 10,000 Garden Challenge". This program, sponsored by the Missouri Department of Agriculture, encourages communities across the State to organize and start gardening.

"It's a really wonderful garden, and an excellent example of the emphasis the Kansas City area has put into community gardening," said Dr. Jon Hagler, Director of

the Missouri Department of Agriculture. The Challenge guidelines stipulate that every time 1,000 gardens register on the Department of Agriculture website, a drawing is held to determine the winner of a \$500 gift certificate from Tractor Supply.

"We really appreciate the \$500 prize," stated Augusta Wilbon of Neighborhood Housing Services. "NHS has provided the land for the garden for over 15 years, and helps pay some of the expenses."

"The food is wonderful, but it is not just about the food," said Manheim Park resident

Kate Kilgore, who submitted the winning registration. "The real enjoyment comes from digging in the dirt and making friends with the other gardeners."

"I am very happy that the Manheim Park Community Garden was selected for this

recognition," said Mark Stalsworth, President/CEO of Neighborhood Housing Services. "The residents have worked hard to make this a real neighborhood asset, and they are to be commended for their efforts."

