

ADDENDUM TO AGREEMENT
(Board of Domestic Violence Shelters)

THIS ADDENDUM TO AGREEMENT, by and between **JACKSON COUNTY, MISSOURI**, hereinafter referred to as "**the County**," and **NEWHOUSE**, a Missouri not-for-profit corporation, hereinafter referred to as "**Contractor**," is made and entered into this 17th day of July, 2014.

WITNESSETH:

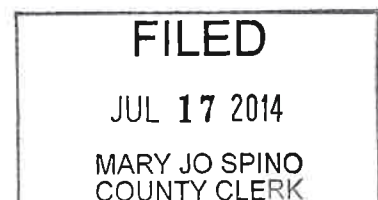
WHEREAS, by Resolution 18364, dated January 13, 2014, the County and Contractor did enter into an agreement whereby Contractor agreed to provide assistance to victims of domestic violence at a cost to the County of \$33,333.33, pursuant to §455.215.2, RSMo; and,

WHEREAS, pursuant to §455.215.2, RSMo, the Jackson County Board of Domestic Violence Shelters has established an additional allocation for Contractor for 2014 in the amount of \$9,967.33; and,

WHEREAS, by Resolution 18559, dated June 30, 2014, the County Legislature has authorized the County Executive to enter into this Addendum to Agreement;

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, County and contractor do hereby additionally agree as follows:

1. Except as hereinafter specifically modified, all of the terms of the prior Agreement between the parties dated January 30, 2014, shall remain in full force and effect and the terms and conditions thereof are incorporated herein by reference.



1. 200M

2. 100M

3. 50M

4. 25M

5. 12.5M

NEWHOUSE, INC.
INDEPENDENT AUDITORS' REPORT AND
FINANCIAL STATEMENTS
DECEMBER 31, 2013

**NEWHOUSE, INC.
DECEMBER 31, 2013
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EMERICK & COMPANY^{P.C.}

David Emerick
Rick Hann

CERTIFIED PUBLIC ACCOUNTANTS & AUDITING PROFESSIONALS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Newhouse, Inc.
Kansas City, Missouri

We have audited the accompanying financial statements of Newhouse, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Newhouse, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2014 on our consideration of Newhouse, Inc.'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 Newhouse, Inc.'s internal control over financial reporting and compliance.

Emrich + Company, P.C.

February 13, 2014
Kansas City, Missouri

NEWHOUSE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2013

Assets	
Cash and cash equivalents	\$ 367,145
Grants receivable	49,706
Land, building and equipment at cost, less accumulated depreciation of \$1,176,594	1,058,388
Total Assets	\$ 1,475,239
Liabilities	
Accounts payable	\$ 5,830
Accrued expenses	47,974
Note payable and line of credit	211,945
Total Liabilities	265,749
Net Assets	
Unrestricted	
Invested in land, building and equipment	1,058,388
Undesignated	104,861
	1,163,249
Temporarily restricted	46,241
Total Net Assets	1,209,490
Total Liabilities and Net Assets	\$ 1,475,239

See Notes to Financial Statements

**NEWHOUSE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013**

Unrestricted Net Assets	
Public Support	
Contributions	
In-kind	\$ 114,470
Private grants and contributions	442,721
United Way	68,411
Government grants	545,131
Total Public Support	<u>1,170,733</u>
Revenue	
Special events	296,198
Interest income	12
Total Revenue	<u>296,210</u>
Net assets released from restrictions	<u>110,252</u>
Total Public Support and Revenue	<u>1,577,195</u>
Expenses	
Program services	
Residential	692,724
Children	221,085
Outreach	132,650
Total Program Services	<u>1,046,459</u>
Supporting services	
Management and general	176,864
Fundraising	337,959
Total Supporting Services	<u>514,823</u>
Total Expenses	<u>1,561,282</u>
Increase in Unrestricted Net Assets	15,913
Temporarily Restricted Net Assets	
Contributions	74,328
Net assets released from restrictions	<u>(110,252)</u>
Decrease in Temporarily Restricted Net Assets	(35,924)
Change in Net Assets	(20,011)
Net Assets, Beginning of Year	<u>1,229,501</u>
Net Assets, End of Year	<u>\$ 1,209,490</u>

See Notes to Financial Statements

NEWHOUSE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

	Program Services			Supporting Services			Total Expenses
	Residential	Children	Outreach	Total	Management and General	Fund-Raising	
Operating Expenses							
Compensation	\$ 380,355	\$ 121,390	\$ 72,834	\$ 574,579	\$ 97,112	\$ 137,576	\$ 234,688
Fringe benefits	18,555	5,922	3,553	28,030	4,737	6,712	11,449
Payroll taxes	35,148	11,218	6,731	53,097	8,974	12,713	21,687
Occupancy and meals	102,234	32,628	19,577	154,439	26,102	36,978	63,080
Audit and accounting services	5,736	1,831	1,098	8,665	1,465	2,075	3,540
Insurance	16,998	5,425	3,255	25,678	4,340	6,148	10,488
Office supplies and expenses	14,209	4,535	2,721	21,465	3,628	5,138	8,766
Professional services	18,257	5,827	3,496	27,580	4,661	6,603	11,264
Dues, subscriptions and workshops	2,561	817	490	3,868	654	926	1,580
Travel	685	219	131	1,035	175	248	423
Special events	-	-	-	-	-	36,994	36,994
Other fundraising expenses	-	-	-	-	-	50,405	50,405
Direct benefits to clients	5	2	1	8	1	2	3
Other expense	3,157	1,008	605	4,770	806	1,142	1,948
Interest	4,714	1,504	903	7,121	1,203	1,705	2,908
In-kind	53,613	17,111	10,266	80,990	13,688	19,392	33,080
Total Operating Expenses	656,227	209,437	125,661	991,325	167,546	324,757	492,303
Nonoperating Expenses							
Depreciation	36,497	11,648	6,989	55,134	9,318	13,202	22,520
Total Expenses	\$ 692,724	\$ 221,085	\$ 132,650	\$ 1,046,459	\$ 176,864	\$ 337,959	\$ 514,823

See Notes to Financial Statements

**NEWHOUSE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013**

Cash flows from operating activities	
Change in net assets	\$ (20,011)
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation expense	77,654
Changes in operating assets and liabilities	
Increase in grants receivable	(24,306)
Increase in accounts payable	3,981
Decrease in accrued expenses	(5,029)
	<u>32,289</u>
Net cash provided by operating activities	
Cash flows from investing activities	
Purchases of furniture and equipment	<u>(69,208)</u>
Net cash used by investing activities	<u>(69,208)</u>
Cash flows from financing activities	
Borrowings on long-term debt, net	<u>94,871</u>
Net cash provided by financing activities	94,871
Increase in Cash	57,952
Cash and cash equivalents, Beginning of Year	<u>309,193</u>
Cash and cash equivalents, End of Year	<u><u>\$ 367,145</u></u>
Supplemental disclosure	
Interest paid during the year	<u><u>\$ 10,029</u></u>

See Notes to Financial Statements

NEWHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Newhouse, Inc. (the Organization) is a Missouri not-for-profit corporation providing services to victims of domestic violence and their families. The services of the Organization are available to the Kansas City metropolitan area.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to any donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions on their use that may be met by actions of the Organization or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the organization. Generally, the donors permit the Organization to use all or part of the income earned for either general or donor-specified purposes.

Use of Estimates

The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Donated Goods and Services

The Organization receives a substantial amount of clothing, food and household goods and supplies, which it uses in its programs. Donated goods are recorded in the financial statements at the fair market values based upon the market rate if the Organization were required to purchase these goods or services. Auction items for the special event are recorded in the statements on the same basis.

The Organization recognizes donated services that create or enhance non-financial assets or that require specialized skills, if the services are provided by individuals possessing those skills, and the services would typically need to be purchased if not provided by donation. Although these services did not meet the criteria for recognition in the financial statements, unpaid volunteers have provided

**NEWHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Donated Goods and Services (Continued)

over 4,700 hours of time in support of program, administrative and development activities in the fiscal year ended December 31, 2013.

Grants and Contracts

Support received under grants and contracts with the United States government, state and local governments and private foundations is recorded as public support when the related direct costs are incurred and revenues earned. This support is shown as unrestricted if donor restrictions are met in the same period the contributions were received.

Functional Expenses

Newhouse, Inc. allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly to their natural expenditure classification. Other expenses that are common to several functions are allocated on a percentage basis, utilizing payroll allocation percentages and other management estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and investments with maturity dates of less than three months.

Land, Building and Equipment

Land, building and equipment have been recorded at cost, if purchased, or fair market value, if donated. Additions with a cost or fair value less than \$5,000 are charged to expense as incurred. Gains and losses on disposition of property are recognized when incurred and increase unrestricted assets unless specified for a restricted use.

Depreciation is provided on the straight-line method over estimated useful lives of 30 years for buildings and 5 to 10 years for equipment. Land is not depreciated.

Income Tax Status

The Organization has received a letter of determination from the Internal Revenue Service (IRS) advising it that it qualifies as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (IRC), and therefore, is not subject to income tax. The Organization did not have any unrelated business income for the year ended December 31, 2013.

**NEWHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through February 13, 2014, which is the date the financial statements were available to be issued.

NOTE 2: LAND, BUILDING AND EQUIPMENT

Land, building and equipment consist of the following:

Land	\$ 37,211
Building	1,578,983
Furniture and equipment	<u>618,789</u>
	2,234,983
Less: accumulated depreciation	<u>1,176,595</u>
	<u>\$ 1,058,388</u>

NOTE 3: LINE OF CREDIT

The Organization maintains a \$200,000 revolving line of credit with an individual to help finance its short-term capital needs. Interest is payable monthly on outstanding balances at an interest rate of 6.5%. The outstanding balance at December 31, 2013 is \$200,000. Subsequent to year-end, payments of \$80,000 have been made resulting in a balance of \$120,000 at February 13, 2014.

NOTE 4: LONG-TERM DEBT

The note payable is payable in monthly installments of principal and interest at 1.99% and matures December 2015. The note is secured by equipment. The outstanding balance at December 31, 2013 is \$11,945.

Future maturities at December 31 are:

2014	5,439
2015	<u>6,506</u>
	<u>\$ 11,945</u>

NOTE 5: FAIR VALUE MEASUREMENTS

GAAP defines fair value and establishes a consistent framework for measuring fair value. These provisions establish a fair value hierarchy that prioritizes the inputs used to measure fair value. An asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that

**NEWHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 5: FAIR VALUE MEASUREMENTS (Continued)

are not active; or other inputs that are unobservable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

At December 31, 2013 the Organization had no assets measured at fair value.

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the level 3 assets (donated goods) for the year ended December 31, 2013. The valuation included in the financial statements for donated goods is obtained from the donor.

	<u>Shelter Food and Supplies</u>	<u>Fundraising Items</u>
Balance, beginning of year	\$ -	\$ -
Revenues recognized	75,941	44,529
Less: amounts expensed	75,941	44,529
Realized, unrealized gains and losses	-	-
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

NOTE 6: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$46,241 were held for mental health services at December 31, 2013.

Temporarily restricted net assets of \$110,252 were released from restrictions during the year ended December 31, 2013:

Quality improvement and sustainability	\$ 62,165
Mental health services	28,087
Heating, cooling and air conditioning system	<u>20,000</u>
	<u>\$ 110,252</u>

NOTE 7: RETIREMENT PLAN

Newhouse, Inc. sponsors a defined contribution plan covering eligible employees who have a year of service and are 21 years of age. Eligible employees may contribute up to 12% of pre-tax income as defined by the plan. Newhouse will match the contribution in an amount equal to 25% of the employee's contribution, up to 1% of the employee's eligible compensation. Newhouse may also make a discretionary contribution in an amount to be allocated based on compensation. For the year ended December 31, 2013, employer's matching contributions were \$1,428.

NEWHOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 8: TAX POSITIONS

As a tax-exempt organization, under IRC Section 501(a), Newhouse, Inc. is required to file a Form 990, Return of Organization Exempt from Income Tax, yearly. The information in this return is used by the IRS to substantiate the Organization's continuing tax exempt status. The last three years of these returns are open to IRS examination. In addition, if the Organization has unrelated business income it is required to file a Form 990-T, Exempt Organization Business Income Tax Return and pay tax on any taxable income. It is the determination of management that this is not required for the year included in these financial statements.



EMERICK & COMPANY_{P.C.}

David Emerick
Rick Hann

CERTIFIED PUBLIC ACCOUNTANTS & AUDITING PROFESSIONALS

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

Board of Directors
Newhouse, Inc.
Kansas City, Missouri

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 financial statements of Newhouse, Inc. as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Newhouse, Inc.'s basic financial statements, and have issued our report thereon dated February 13, 2014.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Newhouse, Inc.'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Newhouse, Inc.'s internal control. Accordingly, we do not express an opinion on Newhouse, Inc.'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 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 Newhouse, Inc.'s 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 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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly this communication is not suitable for any other purpose.

Emrich + Company, P.C.

February 13, 2014
Kansas City, Missouri

