

**AVENUE OF LIFE, INC.**

**AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION**

**For the Years Ended December 31, 2014 and 2013**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Avenue of Life, Inc.  
Kansas City, Kansas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **AVENUE OF LIFE, INC.** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Managements 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.

### **Auditor's 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 from 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 **Avenue of Life, Inc.** as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

KANSAS CITY  
27 April 2015  
OUR 44<sup>th</sup> YEAR

*Ralph C. Johnson & Company, P.C.*

## **FINANCIAL STATEMENTS**

**AVENUE OF LIFE, INC**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31,**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash- Operating	\$ 76,914	\$ 20,452
<b>TOTAL CURRENT ASSETS</b>	<u>76,914</u>	<u>20,452</u>
<b>CAPITAL ASSETS</b>		
Buildings	311,183	-
Leasehold Improvements	41,457	
Parking Lot	5,640	
Machinery & Equipment	21,700	
<b>TOTAL FIXED ASSETS</b>	<u>379,980</u>	<u>-</u>
Accumulated depreciation	(3,876)	-
<b>NET FIXED ASSETS</b>	<u>376,104</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 453,018</u>	<u>\$ 20,452</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,976	\$ 3,985
Payroll tax liabilities	-	1,176
<b>TOTAL CURRENT LIABILITIES</b>	<u>2,976</u>	<u>5,161</u>
<b>LONG TERM LIABILITIES</b>		
Building Mortgage	264,757	-
<b>TOTAL LIABILITIES</b>	<u>\$ 267,733</u>	<u>\$ 5,161</u>
<b>NET ASSETS</b>		
Unrestricted net assets	185,285	15,291
Temporarily restricted net assets	-	-
Permanently restricted net assets	-	-
<b>TOTAL NET ASSETS</b>	<u>185,285</u>	<u>15,291</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 453,018</u>	<u>\$ 20,452</u>

**AVENUE OF LIFE, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31**

	<u>2014</u>	<u>2013</u>
<b>SUPPORT AND REVENUE</b>		
Foundation donations	\$ 146,783	\$ 20,000
Corporate donations	1,765	2,795
Grant Fund donations	163,821	10,952
Partnership donations	125,792	13,682
Individual contributions	150,770	30,044
Fundraisers	-	31,691
Occupancy - in-kind	-	2,700
Donated Goods for distribution	123,121	22,154
<b>TOTAL SUPPORT AND REVENUE</b>	<u>712,052</u>	<u>134,018</u>
Program Income - Recycling	15,416	7,074
Neighborhood Renewal Income	7,309	1,777
Other Income	8,367	101
<b>TOTAL PROGRAM INCOME</b>	<u>31,092</u>	<u>8,952</u>
<b>TOTAL SUPPORT REVENUE AND INCOME</b>	<u>743,144</u>	<u>142,970</u>
<b>EXPENSES</b>		
Program Services	524,750	106,870
Management and general	41,991	15,721
Fundraising	6,409	5,088
<b>TOTAL EXPENSES</b>	<u>573,150</u>	<u>127,679</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	169,994	15,291
<b>UNRESTRICTED NET ASSETS, BEGINNING OF YEAR</b>	15,291	-
<b>UNRESTRICTED NET ASSETS, END OF YEAR</b>	<u>\$ 185,285</u>	<u>\$ 15,291</u>

**AVENUE OF LIFE, INC**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 169,994	\$ 15,291
Adjustments to reconcile net income to net cash provided by operating activities:		
Increase (decrease) in accounts payable	(1,009)	3,985
Increase (decrease) in payroll liabilities	(1,177)	1,176
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>167,808</u>	<u>20,452</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Depreciation	3,876	-
7TH St. Building	(311,183)	-
Leasehold improvements	(41,457)	-
Parking Lot	(5,640)	-
Machinery & Equipment	(21,700)	-
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>(376,104)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
7TH ST Equipping Loan	264,758	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>264,758</u>	<u>-</u>
 <b>NET INCREASE IN CASH</b>	 56,462	 20,452
Cash and cash equivalents, beginning of year	20,452	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 76,914</u>	<u>\$ 20,452</u>
 Interest paid	 <u>\$ None</u>	 <u>\$ None</u>
Income taxes paid	<u>\$ None</u>	<u>\$ None</u>

**AVENUE OF LIFE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

**NOTE 1 – NATURE OF ACTIVITIES**

**AVENUE OF LIFE, INC** is a not-for-profit corporation with the following mission, vision and goals:

**Mission** - to mobilize our community to equip and empower low-income individuals and families to be self-sustained and independent.

**Vision** - to be catalysts for transformation in our community by breaking the cycle of poverty through community development, collaborative partnerships, and wrap-around services.

**Goal** - to facilitate the journey from hand-outs (emergency relief) in crisis, to hand-ups (individual betterment) for those ready to rise above their circumstances, to hand-offs (community development) to indigenous leaders of a transformed community.

Avenue of Life offers four primary programs:

- The Equipping Center Program is targeted towards emergency relief and individual betterment and are focused towards an overall strategic community development plan for each neighborhood. The program provides a comprehensive range of services designed to meet the emotional, mental, physical, and spiritual needs of at-risk individuals and families.
- The Neighborhood Renewal Program provides community development and combats urban decay in our surrounding communities. The ultimate goal for the Neighborhood Renewal Program is that our communities are thriving economically and socially, safe and full of possibilities.
- The Transitional Internship Program provides targeted assistance, resources and training to at-risk individuals seeking to achieve independence, self-sufficiency, and the accomplishment of life goals. This program serves as a bridge between homelessness and self-sufficiency through empowering interns with the resources they need to take their next steps. Examples of services provided to our interns include housing, job-training, career-development, grocery assistance, transportation assistance, furniture assistance, and purposed mentoring/coaching.
- The Business Training Center Program will provide economic and community development for disadvantaged families in the urban core of Kansas City, MO. We will provide job-training, host apprenticeships and internships, neighborhood beautification, recycling, economic development, and host an entrepreneurial incubator. The Business Training Center allows opportunities to provide jobs to those who have barriers to employment and impact our environment through recycling programs.

The Organization also receives funding in the form of grants and donations from local businesses, institutions and foundations.

**NOTE 2 – ACCOUNTING POLICIES**

Accounting Basis

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No 958 (formerly Statement of Financial Accounting Standards SFAS No. 117, Financial Statements of Not-for-Profit Organizations). Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes on net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Support and Expenses

Contributions received and unconditional promises to give are measured at their estimated value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.



**AVENUE OF LIFE, INC.  
(A NOT-FOR-PROFIT CORPORATION)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2014 2013**

Income Taxes

**AVENUE OF LIFE, INC.** is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**AVENUE OF LIFE, INC.** allocates expenses on a functional basis between its various programs and support services. The cost of operating various programs and other activities are summarized on a functional basis in the Statement of Functional Expenses. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by use of various methods which, in management's judgment, approximate value received by the program or function.

**NOTE 3 - IN KIND CONTRIBUTIONS**

The Organization receives donated items throughout the year which it tracks as in-kind donations. These donated items are used in the program services of the Organization. In 2014 and 2013, the total of in-kind donated goods were \$123,121 and \$24,854, respectively.

**NOTE 4 - CONCENTRATIONS**

The Organization's operation is concentrated in Wyandotte County, Kansas, Kansas City, Kansas and Jackson County, Missouri, Kansas City, Missouri. The Organization receives a significant amount of its revenue and funding from business and foundations grants, other private and public groups and some funding from the City of Kansas City, Missouri for its mattress recycling program.

**NOTE 6 - UNCERTAIN TAX POSITIONS**

Financial accounting standards govern how uncertain tax positions should be recognized, measured, presented, and disclosed in financial statements. These standards require the evaluation of tax positions taken or expected to be taken in the course of preparing an entity's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would not be recognized in the financial statements of the current year.

The Federal Information Return, Form 990, for the year ended December 31, 2013 is subject to examination by the Internal Revenue Service (IRS).

**NOTE 7 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through April 27, 2015 which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**AVENUE OF LIFE, INC**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31**

2014								
	Transitional Internship Program	Business Training Program	Neighborhood Renewal Program	Equipping Center Program	Total Programs	Management and General	Fundraising	Total
Expenses:								
Personnel	\$	\$ 102,945	\$	\$ 94,721	\$ 197,666	\$ 25,600	\$ 5,075	\$ 228,341
Payroll taxes		6,838		6,899	13,737	1,796	388	15,921
Employee Benefits								
Equipment				612	612			612
Insurance				16,166	16,166	4,042		20,208
Bank Fees				565	565			565
Depreciation				3,876	3,876			3,876
Legal	3,258				3,258			3,258
Meals				7,949	7,949			7,949
Donated Meals				41,256	41,256			41,256
Donated Vehicle	116				116			116
Donated Furniture			11,755		11,755			11,755
Furniture Assistance			1,916		1,916			1,916
Interest				4,533	4,533	1,133		5,666
Misc.	102	793			895			895
Occupancy	14,175	500			14,675			14,675
Office					-	2,669	864	3,533
Outreach				13,653	13,653			13,653
Professional Fees		547		547	1,094	3,424		4,518
Donated Program Supplies			7,590	62,520	70,110			70,110
Program Supplies	2,964	5,251	3,543	6,313	18,071	120		18,191
Repairs & Maintenance	276	9,267		33,810	43,353			43,353
Stipends	9,859	1,569		1,815	13,243			13,243
Supplies		1,110		6,242	7,352			7,352
Telephone	721			2,902	3,623	610	7	4,240
Training	450	709			1,159			1,159
Transportation & Mileage Reimbursement	2,107	6,221	1,113	1,125	10,566	300	75	10,941
Utilities	12,226	2,137		9,188	23,551	2,297		25,848
<b>Total</b>	<b>\$ 46,254</b>	<b>\$ 137,887</b>	<b>\$ 25,917</b>	<b>\$ 314,692</b>	<b>\$ 524,750</b>	<b>\$ 41,991</b>	<b>\$ 6,409</b>	<b>\$ 573,150</b>
2013								
	Transitional Internship Program	Business Training Program	Neighborhood Renewal Program	Equipping Center Program	Total Programs	Management and General	Fundraising	Total
Expenses:								
Personnel	\$ 45,291	\$ 2,500	\$ 2,500	\$	\$ 50,291	\$ 9,159	\$ 2,288	\$ 61,738
Payroll taxes	3,471	191	191		3,853	701	175	4,729
Employee Benefits	1,066				1,066	284	71	1,421
Insurance	271				271	72	18	361
Bank Fees						146		146
Meals				28	28			28
Meals - In Kind				222	222			222
Donated Equipment						160		160
Donated Goods				9,310	9,310			9,310
Donated Supplies	6,545				6,545		1,379	7,924
Donated Furniture			4,538		4,538			4,538
Medical/Dental/Vision	183				183			183
Occupancy	1,540				1,540			1,540
Occupancy- In Kind	2,700				2,700			2,700
Office	122	105			227	1,563		1,790
Outreach	1,015		105	1,443	2,563			2,563
Postage & Shipping						136		136
Professional Fees						3,501		3,501
Stipends	6,458		80		6,538			6,538
Supplies	373	341	6,421	106	7,241		1,157	8,398
Telephone	125				125			125
Training	2,775	1,964			4,739			4,739
Transportation & Mileage Reimbursement	1,916	43	583	69	2,611			2,611
Utilities	2,279				2,279			2,279
<b>Total</b>	<b>\$ 76,130</b>	<b>\$ 5,144</b>	<b>\$ 14,417</b>	<b>\$ 11,179</b>	<b>\$ 106,870</b>	<b>\$ 15,721</b>	<b>\$ 5,088</b>	<b>\$ 127,679</b>