

AVENUE OF LIFE, INC.

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

For the Years Ended December 31, 2021 and 2020

Ralph C. Johnson & Company, pc
CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Schedule of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8
OTHER REQUIRED REPORTS	
Schedule of Federal Expenditures	12
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	13
Report on Compliance for each major program and on Internal Control over compliance required by the Uniform Guidance	15
Schedule of Findings and Questioned Costs	17

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2021 and 2020, 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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of Avenue of Life, Inc. and meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Avenue of Life's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement which results from fraud is higher than for one which results from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism through the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Avenue of Life's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Avenue of Life's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KANSAS CITY
15 JUNE 2022
OUR 51st YEAR

Ralph C. Johnson & Company, p.c.

Ralph C. Johnson & Company, pc

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

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash - Operating	\$ 599,583	\$ 673,612
Cash - Operating-Restricted	138,557	-
TOTAL CURRENT ASSETS	738,140	673,612
CAPITAL ASSETS		
Land	4,264	4,264
Buildings	563,605	563,605
Leasehold Improvements	41,457	41,457
Parking Lot	5,640	5,640
Machinery and Equipment	120,438	107,938
TOTAL FIXED ASSETS	735,404	722,904
Accumulated depreciation	(418,737)	(375,410)
NET FIXED ASSETS	316,667	347,494
TOTAL ASSETS	\$ 1,054,807	\$ 1,021,106
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 31,745	\$ 11,264
Line of Credit	96,231	20,448
TOTAL CURRENT LIABILITIES	127,976	31,712
LONG TERM LIABILITIES		
Line of Credit	-	98,003
SBA Loan (Payroll Protection Loan)	-	132,100
TOTAL LIABILITIES	127,976	230,103
NET ASSETS		
Net Assets Without Donor Restrictions	726,623	759,291
Net Assets With Donor Restrictions	200,208	-
TOTAL NET ASSETS	926,831	759,291
TOTAL LIABILITIES AND NET ASSETS	\$ 1,054,807	\$ 1,021,106

See auditor's report and notes to financial statements

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

	Without Donor	With Donor	Without Donor	With Donor	Total Activities	
	Restrictions	Restrictions	Restrictions	Restrictions	2021	2020
	2021	2021	2020	2020		
SUPPORT AND REVENUE						
Foundation Donations	\$ 616,023	111,432	949,355	-	727,455	\$ 949,355
Corporate Donations	33,630	-	35,427	-	33,630	35,427
Grant Fund Donations	359,800	1,158,545	1,273,482	-	1,518,345	1,273,482
Partnership Donations	185,064	-	197,297	-	185,064	197,297
Individual Contributions	112,672	-	120,812	-	112,672	120,812
Interest Income	490	-	454	-	490	454
Donated Goods for Distribution	564,212	-	485,767	-	564,212	485,767
TOTAL SUPPORT AND REVENUE	1,871,891	1,269,977	3,062,594	-	3,141,868	3,062,594
Program Income - Recycling	106,493	-	99,869	-	106,493	99,869
Neighborhood Renewal Income	23,200	-	12,650	-	23,200	12,650
Other Income	9,075	-	7,540	-	9,075	7,540
TOTAL PROGRAM INCOME	138,768	-	120,059	-	138,768	120,059
TOTAL SUPPORT REVENUE AND INC	2,010,659	1,269,977	3,182,653	-	3,280,636	3,182,653
EXPENSES						
Program Services	1,811,090	1,069,769	2,929,910	-	2,880,858	2,929,910
Management and General	203,094	-	172,449	-	203,094	172,449
Fundraising	29,143	-	28,672	-	29,143	28,672
TOTAL EXPENSES	2,043,327	1,069,769	3,131,031	-	3,113,095	3,131,031
CHANGE IN NET ASSETS	(32,668)	200,208	51,622	-	167,541	51,622
NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR	759,291	-	707,669	-	759,291	707,669
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	\$ 726,623	200,208	759,291	-	926,831	\$ 759,291

See auditor's report and notes to financial statements

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

2021

	Business Training Program	Equipping Center Program	Avenue Youth House	Total Programs	Mgmt and General	Fundraising	Total
Expenses:							
Personnel	\$ 136,667	\$ 98,680	\$ 290,058	525,405	\$ 90,000	\$ 22,500	\$ 637,905
Payroll Taxes	16,365	6,030	18,690	41,085	10,102	2,526	53,713
Employee Benefits	6,862	10,509	6,862	24,233	19,247	4,117	47,597
Insurance	8,215	45,238	2,309	55,762	15,605		71,367
Bank Fees		-	-	-	3,048		3,048
Dues and Subscriptions		9,693	-	9,693	-		9,693
Depreciation	-	-	-	-	43,327		43,327
Meals		-	4,964	4,964	-		4,964
Justice & Equity-P/R		101,938	-	101,938	-		101,938
Justice & Equity-P/R Tax		6,595	-	6,595	-		6,595
Justice & Equity-Inclusion		6,521	-	6,521	-		6,521
Assistance-Housing/Utilities			3,620	3,620	-		3,620
Interest		7,779	-	7,779	-		7,779
Neighborhood Renewal		2,664	-	2,664	-		2,664
Other Expense	107	-	-	107	-		107
Office Expense		9,612	-	9,612	-		9,612
Outreach-IMPACT KCK		1,728,893	-	1,728,893	-		1,728,893
Re-Entry-Impact KCK		49,326	-	49,326	-		49,326
Outreach-IMPACT KCK-COVID		5,175	-	5,175	-		5,175
Professional Services				-	21,765		21,765
Program Supplies	7,468	3,101	3,359	13,928	-		13,928
Recycling Wages	116,538	-	-	116,538	-		116,538
Rent	500	-	-	500	-		500
Repairs and Maintenance	14,343	26,702	15,260	56,305	-		56,305
Stipends	6,750	-	-	6,750	-		6,750
Supplies	554	5,700	681	6,935	-		6,935
Training		-	3,886	3,886	-		3,886
Transportation Expense	33,324	-	812	34,136	-		34,136
Utilities	10,375	30,578	17,555	58,508	-		58,508
Total	\$ 358,068	2,154,734	368,056	2,880,858	203,094	29,143	\$ 3,113,095

See auditor's report and notes to financial statements

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

2020

	Business Training Program	Equipping Center Program	Avenue Youth House	Total Programs	Mgmt. and General	Fundraising	Total
Expenses:							
Personnel	\$ 124,711	\$ 216,272	\$ 165,898	506,881	\$ 76,206	\$ 18,991	\$ 602,078
Payroll Taxes	10,687	10,687	10,687	32,061	25,649	6,412	64,122
Employee Benefits	5,448	10,253	5,447	21,148	13,075	3,269	37,492
Insurance	9,496	36,705		46,201	19,335		65,536
Bank Fees				-	2,327		2,327
Depreciation	10,137	12,146	36,542	58,825	5,345		64,170
Meals			806	806			806
Donated Meals		121,526		121,526			121,526
Donated Clothing		82,393		82,393			82,393
Donated General Supplies		93,012		93,012			93,012
Donated Furniture		77,677		77,677			77,677
Donated Diapers		69,716		69,716			69,716
Donated Misc		42,833		42,833			42,833
Assistance-Housing/Utilities			3,970	3,970			3,970
Interest		2,571		2,571			2,571
Foster Services		450		450			450
Neighborhood Renewal		21,169		21,169			21,169
Office Expense		21,481		21,481	8,929		30,410
Outreach-IMPACT KCK		434,150	3,410	437,560			437,560
Re-Entry-Impact KCK		57,099		57,099			57,099
COVID Response-EC		274,839		274,839			274,839
Outreach-IMPACT KCK-COVID		615,866	22,982	638,848	21,583		660,431
Program Supplies	4,887		314	5,201			5,201
Recycling Wages	108,624			108,624			108,624
Rent	500	5,000		5,500			5,500
Repairs and Maintenance	14,061	22,565	33,382	70,008			70,008
Stipends	4,495	192		4,687			4,687
Supplies	1,268	1,430		2,698			2,698
Training		9,163	2,319	11,482			11,482
Transportation Expense	48,781	2,801		51,582			51,582
Utilities	10,975	30,743	17,344	59,062			59,062
Total	\$ 354,070	2,272,739	303,101	2,929,910	172,449	28,672	\$ 3,131,031

See auditor's report and notes to financial statements

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

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 167,541	\$ 51,623
Adjustments to reconcile net income to net cash provided by Operating Activities:		
Increase (Decrease) in Accounts Payable	20,481	1,946
Increase/(Decrease) in Accrued Liabilities	(132,100)	132,100
Depreciation	43,326	64,948
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(68,293)</u>	<u>198,994</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of 7th St. Building	<u>(12,500)</u>	<u>(8,384)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(12,500)</u>	<u>(8,384)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
7TH ST Equipping Loan	<u>(22,220)</u>	<u>(24,861)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>(22,220)</u>	<u>(24,861)</u>
 NET INCREASE IN CASH	 64,528	 217,372
Cash and Cash Equivalents, Beginning of Year	673,612	456,241
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 738,140</u>	<u>\$ 673,613</u>
 Interest Paid	 <u>\$ 7,779</u>	 <u>\$ 2,571</u>
Income Taxes Paid	<u>\$ None</u>	<u>\$ None</u>

See auditor's report and notes to financial statements

**AVENUE OF LIFE, INC.
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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 three primary programs:

Equipping Center

The Equipping Center is an incubator space for several non profits, provides community outreach, and hosts the Impact KCK Program. In 2021, the Equipping Center served 9,719 unduplicated individuals, processed and distributed \$539,149 worth of In-Kind donations (food, clothing, furniture, household items, hygiene items, diapers, etc.), served 8,526 hot meals, distributed 3,992 family food packs, distributed 1,103 frozen meals, and distributed 33,110 hygiene items. Impact KCK is a collective impact initiative, with 52 partner agencies. Avenue of Life is the backbone agency. Impact KCK served all 4 school districts in Wyandotte County (Kansas City Kansas, Turner Unified, Bonner Springs Edwardsville, and Piper). We served 2,412 families in 2021. Of those, 532 households received care calls and 1,880 households (representing 7,307 children/youth) received essential emergency services such as housing, food, and utilities. Intensive case management was provided for 869 households.

Business Training Center

The Business Training Center hosts innovative initiatives to provide job-training to low-income and reentry men with barriers to employment. A full green infrastructure project was completed in 2020, resulting in new landscaping and an orchard in partnership with The Giving Grove. In 2021, staff delivered furniture to 382 families, and recycled 76,100 mattresses. Two BTC staff acquired home ownership and one BTC staff moved from transitional to permanent housing.

Avenue Youth House

The Avenue Youth House served 33 youth in 2021. Of the 33 youth, 2 were reunified with family, 5 received stable housing, and 11 enrolled in higher education. The Youth House team ensures youth and young adults between the ages of 16 - 24 have a safe house and community to call home. Our Spot KC leads programming and volunteers. Avenue of Life has Impact KCK Navigators assisting residents as needed.

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

AVENUE OF LIFE, INC.
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

As required by Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 2016-06 the Organization classifies its net assets based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes in net assets therein are classified and reported as follows:

Net Assets Without Donor Restrictions - consists of assets, public support and program revenues which are available and used for activities and programs. Net assets without donor restrictions represents the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered without restriction unless specifically restricted by the donor. In addition, net assets without donor restrictions may include funds which represent unrestricted resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, and contracts, and may include investment income earned on restricted funds. These may also include resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently but permits the Organization to expend part or all of the income derived from the donated assets.

Contributions, Gifts and Grants

As required by FASB Accounting Standards Codification, Topic 958, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, securities, collection items or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give-that is , those with a measurable performance or other barrier and right of return-are not recognized until the conditions on which they depend have been met. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restriction expires, at which time the assets are reclassified to net assets without donor restrictions. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Use of Estimates

The preparation of financial statements in conformit with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Income Taxes

Avenue of Life, Inc is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Revenue Recognition:

In May 2014, the FASB issued ASC Update No. 2014-09 (Topic 606) Revenue from Contracts with Customers. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. In August 2015, the FASB deferred the effective date of ASC Update No. 2014-09 by one year when it issued ASC Update No. 2015-14(Topic 606) Revenue from Contracts with Customers. This standard was adopted by the Organization effective January 1, 2019. The adoption of this standard did not result in a material change to the Organization's revenue balances.

NOTE 3 - IN KIND CONTRIBUTIONS

The Organization receives donated items throughout the year which it tracks as in-kind contributions. These

AVENUE OF LIFE, INC.
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

donated items are used in the program services of the Organization. In 2021 and 2020, the total of in-kind donated goods were approximately \$564,212 and \$485,767, respectively.

NOTE 4 - CONCENTRATIONS

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

NOTE 5 - LONG-TERM LIABILITIES

The organization has secured a line of credit from Cross First Bank in the amount of \$270,000. The loan date is July 2, 2014, with a maturity date of October 2, 2022. The note is secured by property located at 500 N. 7th Street, Kansas City, Kansas 66101. This property houses the business offices of the Organization. The note is payable in monthly installments of \$2,181.61, including interest fixed at 5.25 percent. For the year ending December 31, 2021 and 2020, the principal paid was \$23,231 and \$27,429 and the interest paid was \$6,769 and \$2,571. The outstanding balance as of December 31, 2021 and 2020 was \$95,221 and \$118,451 respectively.

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 years ended December 31, 2021, December 31, 2020 and December 31, 2019 are subject to examination by the Internal Revenue Service.

NOTE 7 - SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the COVID-19 virus outbreak a world-wide pandemic. Because of the COVID-19 pandemic, businesses within the entire States of Kansas and Missouri were subject to stay at home orders. Management is closely monitoring the situation and the impact on its operations. The ultimate effect on the Organization's financial statements is not currently determinable.

NOTE 8 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that are without donor or other restrictions which limits their use, within one year of the statement of financial position date, comprise cash and cash equivalents of \$599,583.

OTHER REQUIRED REPORTS

AVENUE OF LIFE, INC.
(A NON-PROFIT CORPORATION)
SCHEDULE OF FEDERAL EXPENDITURES
FOR THE YEAR ENDING
DECEMBER 31, 2021

Federal Agency	Pass-Through Entity	Program Title	Contract Number	Other Identifying Number	Assistance Listing Number	Amount Expended
Department of Housing and Urban Development	Unified Government of Wyandotte County	Emergency Solutions Grant	E-19-MW 20-0001	COVID-19 ESG-CV Round 1	14.231	\$44,142
Department of Housing and Urban Development	Unified Government of Wyandotte County	Emergency Solutions Grant	E-20-MC 20-0001	COVID-19 ESG-CV Round 1	14.231	322,975
Department of Housing and Urban Development	Unified Government of Wyandotte County	Emergency Solutions Grant	ESG-2019-2021		14.231	8,457
Department of Housing and Urban Development	Unified Government of Wyandotte County	Emergency Solutions Grant	ESG-2020-2022		14.231	36,971
Department of Justice	State of Kansas	Prevention and Education Program	21-JAG-22	20-21 JAG	16.738	172,284
Department of Justice	State of Kansas	Corrections & Community Corrections	22-JAG-25	21-22 JAG	16.738	60,937
United States Department of Treasury	Kansas Housing Resources Corporation	Emergency Rental Assistance due to COVID-10			21.023	18,304
United States Department of Treasury	United Way of Greater Kansas City	COVID-19 ARPA			21.027	405,699
					Total	\$ 1,069,769

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Avenue of Life, Inc. under programs funded by the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of Avenue of Life, it is not intended to, and does not, present the financial position, changes in net assets, and cash flows of Avenue of Life, Inc. Avenue of Life did not use the de minimis cost rate

NOTE B –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule of Expenditures of Federal Awards are reported based upon generally accepted accounting principles of the United States.

NOTE C- SUB-RECIPIENT

Avenue of Life, Inc. did not have any sub-recipients.

NOTE D- INDIRECT COST RATE

Avenue of Life has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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**

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

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 Avenue of Life, Inc., which comprise the statement of financial position as of December 30, 2021, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 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 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 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.

Kansas City
15 June 2022
OUR 51st Year

Ralph C. Johnson & Company, p.c.

Ralph E. Johnson & Company, p.c.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

The Board of Directors
Avenue of Life, Inc.
Kansas City, Kansas

Report on Compliance for Each Major Program

We audited Avenue of Life, Inc. compliance with the types of compliance requirements described in the *OMB Uniform Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirement of laws, regulations, contracts, and grant applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to federal audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform

Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Avenue of Life, Inc. as of and for the year ended December 31, 2021 and have issued our report thereon dated June 15, 2022 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KANSAS CITY
15 June 2022
Our 51st Year

Ralph C. Johnson & Company, p.c.

**AVENUE OF LIFE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Avenue of Life, Inc.
2. No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of significant noncompliance which are material to the financial statements of Avenue of Life, Inc. were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs of Avenue of Life, Inc. expresses an unqualified opinion on all major federal programs.
6. Audit findings relative to the major federal award programs for Avenue of Life, Inc. are reported in this schedule.
7. The programs tested as major programs include:

Department of Housing and Urban Development	Assistance Listing No 14.231
United States Department of Treasury	Assistance Listing No 21.027
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Avenue of Life does not qualify to be a low-risk auditee.

FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAM AUDIT

There were no findings disclosed during our audit of compliance related to federal programs. There were no audits and/or reviews performed during the fiscal year and through the date on which the audit report on the Program was issued.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None