

# **AVENUE OF LIFE, INC.**

## **AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

**For the Years Ended December 31, 2022 and 2021**

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

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*Ralph C. Johnson & Company, p.c.*

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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, 2022 and 2021, 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, 2022 and 2021, 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  
26 JUNE 2023  
**OUR 52<sup>nd</sup> YEAR**

*Ralph C. Johnson & Company, p.c.*

*Ralph C. Johnson & Company, pc*

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

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash - Operating	\$ 639,827	\$ 599,583
Cash - Operating-Restricted	3,220	138,557
<b>TOTAL CURRENT ASSETS</b>	<b>643,047</b>	<b>738,140</b>
<b>CAPITAL ASSETS</b>		
Land	4,264	4,264
Buildings	532,605	563,605
Leasehold Improvements	41,457	41,457
Parking Lot	5,640	5,640
Machinery and Equipment	147,710	120,438
<b>TOTAL FIXED ASSETS</b>	<b>731,676</b>	<b>735,404</b>
Accumulated depreciation	(428,294)	(418,737)
<b>NET FIXED ASSETS</b>	<b>303,382</b>	<b>316,667</b>
<b>TOTAL ASSETS</b>	<b>\$ 946,429</b>	<b>\$ 1,054,807</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 16,914	\$ 31,745
Line of Credit	9,871	96,231
<b>TOTAL CURRENT LIABILITIES</b>	<b>26,785</b>	<b>127,976</b>
<b>LONG TERM LIABILITIES</b>		
Line of Credit	54,573	-
<b>TOTAL LIABILITIES</b>	<b>81,358</b>	<b>127,976</b>
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	865,071	726,623
Net Assets With Donor Restrictions	-	200,208
<b>TOTAL NET ASSETS</b>	<b>865,071</b>	<b>926,831</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 946,429</b>	<b>\$ 1,054,807</b>

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	2022	2021
	2022	2022	2021	2021		
<b>SUPPORT AND REVENUE</b>						
Foundation Donations	\$ 1,373,187		616,023	111,432	1,373,187	\$ 727,455
Corporate Donations	55,000		33,630		55,000	33,630
Grant Fund Donations	792,144		359,800	1,158,545	792,144	1,518,345
Partnership Donations	474,692		185,064		474,692	185,064
Individual Contributions	96,619		112,672		96,619	112,672
Interest Income	426		490		426	490
Donated Goods for Distribution	974,327		564,212		974,327	564,212
<b>TOTAL SUPPORT AND REVENUE</b>	<b>3,766,395</b>	<b>-</b>	<b>1,871,891</b>	<b>1,269,977</b>	<b>3,766,395</b>	<b>3,141,868</b>
Program Income - Recycling	98,657	-	106,493	-	98,657	106,493
Neighborhood Renewal Income	10,700	-	23,200	-	10,700	23,200
Other Income	26,728	-	9,075	-	26,728	9,075
<b>TOTAL PROGRAM INCOME</b>	<b>136,085</b>	<b>-</b>	<b>138,768</b>	<b>-</b>	<b>136,085</b>	<b>138,768</b>
<b>TOTAL SUPPORT REVENUE AND INC</b>	<b>3,902,480</b>	<b>-</b>	<b>2,010,659</b>	<b>1,269,977</b>	<b>3,902,480</b>	<b>3,280,636</b>
<b>EXPENSES</b>						
Program Services	3,484,018	200,208	1,811,089	1,069,769	3,684,226	2,880,858
Management and General	242,456	-	203,094	-	242,456	203,094
Fundraising	37,558	-	29,143	-	37,558	29,143
<b>TOTAL EXPENSES</b>	<b>3,764,032</b>	<b>200,208</b>	<b>2,043,326</b>	<b>1,069,769</b>	<b>3,964,240</b>	<b>3,113,095</b>
<b>CHANGE IN NET ASSETS</b>	<b>138,448</b>	<b>(200,208)</b>	<b>(32,667)</b>	<b>200,208</b>	<b>(61,760)</b>	<b>167,541</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR</b>	<b>726,623</b>	<b>200,208</b>	<b>759,291</b>	<b>-</b>	<b>926,831</b>	<b>759,291</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR</b>	<b>\$ 865,071</b>	<b>-</b>	<b>726,624</b>	<b>200,208</b>	<b>865,071</b>	<b>\$ 926,832</b>

See auditor's report and notes to financial statements

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

2022

	Business Training Program	Equipping Center Program	Avenue Youth House	Total Programs	Mgmt. and General	Fundraising	Total
Expenses:							
Personnel	\$ 130,138	101,673	197,531	429,342	\$ 107,016	\$ 26,754	\$ 563,112
Payroll Taxes	3,638	4,275	11,655	19,568	8,733	2,183	30,484
Employee Benefits	14,368	17,269	14,368	46,005	34,484	8,621	89,110
Insurance	6,720	47,444	2,806	56,770	13,185		69,955
Bank Fees				-	2,829		2,829
Contract Services		1,138		1,138			1,138
Dues and Subscriptions		9,320		9,320			9,320
Depreciation				-	40,558		40,558
Empowerment Housing		65,195		65,195			65,195
Meals			9,086	9,086	3,876		12,962
Justice & Equity-P/R		61,235		61,235			61,235
Justice & Equity-P/R Tax		4,948		4,948			4,948
Justice & Equity-Inclusion		42,158		42,158			42,158
Housing Assistance			3,967	3,967			3,967
Interest		4,713		4,713			4,713
Equipment	988			988			988
Landscaping	856		1,414	2,270			2,270
Miscellaneous	29			29	5,006		5,035
Neighborhood Renewal	74,210			74,210			74,210
Other Expense				-	1,034		1,034
Office Expense		14,029		14,029			14,029
Outreach-IMPACT KCK		2,250,263		2,250,263			2,250,263
Re-Entry-Impact KCK		12,300		12,300			12,300
KC Bail Project		255,993		255,993			255,993
Professional Services				-	24,328		24,328
Program Supplies	2,258		2,116	4,374			4,374
Recycling Wages	108,771			108,771			108,771
Rent	500	290		790			790
Repairs and Maintenance	15,543	42,529	25,697	83,769			83,769
Security	4,201	4,998	5,639	14,838			14,838
Stipends	6,050			6,050			6,050
Supplies	295	15,154		15,449			15,449
Transportation Expense	29,472	4,413	2,123	36,008	1,407		37,415
Utilities	7,915	28,953	13,782	50,650			50,650
Total	<u>\$ 405,952</u>	<u>2,988,290</u>	<u>289,984</u>	<u>3,684,226</u>	<u>242,456</u>	<u>37,558</u>	<u>\$ 3,964,240</u>

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
<b>Total</b>	<b>\$ 358,068</b>	<b>\$ 2,154,734</b>	<b>\$ 368,056</b>	<b>2,880,858</b>	<b>203,094</b>	<b>29,143</b>	<b>\$ 3,113,095</b>

See auditor's report and notes to financial statements



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

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ (61,760)	\$ 167,541
Adjustments to reconcile net income to net cash provided by Operating Activities:		
Increase (Decrease) in Accounts Payable	(14,831)	20,481
Increase/(Decrease) in Accrued Liabilities	-	(132,100)
Depreciation	9,557	43,326
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(5,274)</u>	<u>(68,293)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of 7th St. Building	3,728	(12,500)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>3,728</u>	<u>(12,500)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
7TH ST Equipping Loan	(31,787)	(22,220)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>(31,787)</u>	<u>(22,220)</u>
<b>NET INCREASE IN CASH</b>	(95,093)	64,528
Cash and Cash Equivalents, Beginning of Year	738,140	673,612
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 643,047</u>	<u>\$ 738,140</u>
Interest Paid	<u>\$ 4,713</u>	<u>\$ 7,779</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, 2022 AND 2021**

**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 2022, the Equipping Center served 6,280 unduplicated individuals, processed and distributed \$974,326 worth of In-kind donations (food, clothing, furniture, household items, hygiene items, diapers, etc.), served 16,900 hot meals, distributed 9,232 family food packs, distributed 2,082 frozen meals, and distributed 39,584 hygiene items. Impact KCK is a collective impact initiative, with 90 plus 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). In 2022 Impact KCK provided 2,174 families with essential emergency such as housing, food, and utilities. Intensive case management was provided for 842 households. The Impact KCK model is being replicated in KCPS with the name KCPS Empowerment and Avenue of Life is the backbone agency.

**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 2022, staff delivered furniture to 348 families, and recycled 71,400 mattresses and delivered over 3,500 tons from local landfills. In 2023, the Business Training Center will complete its ten-year community initiative to divert mattresses from Missouri landfills.

**Avenue Youth House**

The Avenue Youth House served 31 youth in 2022. The Youth House team ensures youth and young adults between the ages of 18 - 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, 2022 AND 2021**

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 conformity 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, 2022 AND 2021**

donated items are used in the program services of the Organization. In 2022 and 2021, the total of in-kind donated goods were approximately \$974,327 and \$564,212, 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 October 2, 2022, with a maturity date of October 2, 2027. The note is secured by property located at 500 N. 7<sup>th</sup> Street, Kansas City, Kansas 66101. This property houses the business offices of the Organization. The note is payable in monthly installments of \$1,134.96, including interest fixed at 6.25 percent. For the year ending December 31, 2022 and 2021, the principal paid was \$31,787 and \$23,231 and the interest paid was \$4,713 and \$6,769. The outstanding balance as of December 31, 2022 and 2021 was \$64,444 and \$95,221 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, 2022, December 31, 2021 and December 31, 2020 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 \$639,827.