

AVENUE OF LIFE, INC.

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

For the Years Ended December 31, 2018 and 2017

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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, 2018 and 2017, the related statements of activities, functional expenses, and cash flows for the years 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.

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, 2018 and 2017, 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
04 JUNE 2019
OUR 48th YEAR

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

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash - Operating	\$ 219,694	\$ 83,721
Accounts Receivable	-	23,715
TOTAL CURRENT ASSETS	219,694	107,436
CAPITAL ASSETS		
Land	2,000	2,000
Buildings	562,986	443,464
Leasehold Improvements	41,457	41,457
Parking Lot	5,640	5,640
Machinery and Equipment	102,438	96,138
TOTAL FIXED ASSETS	714,521	588,699
Accumulated depreciation	(211,863)	(186,578)
NET FIXED ASSETS	502,658	402,121
TOTAL ASSETS	\$ 722,352	\$ 509,557
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 32,082	\$ 14,598
Line of Credit	180,116	16,775
TOTAL CURRENT LIABILITIES	212,198	31,373
LONG TERM LIABILITIES		
Line of Credit	183,508	200,679
TOTAL LIABILITIES	395,706	232,052
NET ASSETS		
Unrestricted Net Assets	326,646	277,505
TOTAL NET ASSETS	326,646	277,505
TOTAL LIABILITIES AND NET ASSETS	\$ 722,352	\$ 509,557

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

	<u>2018</u>	<u>2017</u>
SUPPORT AND REVENUE		
Foundation Donations	\$ 504,783	\$ 244,438
Corporate Donations	17,268	32,594
Grant Fund Donations	248,017	103,918
Partnership Donations	207,244	264,007
Individual Contributions	100,352	102,937
Interest Income	145	6,731
Donated Building	-	30,000
Donated Goods for Distribution	645,633	484,428
TOTAL SUPPORT AND REVENUE	<u>1,723,442</u>	<u>1,269,053</u>
Program Income - Recycling	226,352	198,733
Neighborhood Renewal Income	15,501	25,708
Other Income	33,939	8,979
TOTAL PROGRAM INCOME	<u>275,792</u>	<u>233,420</u>
TOTAL SUPPORT REVENUE AND INCOME	<u>1,999,234</u>	<u>1,502,473</u>
EXPENSES		
Program Services	1,787,194	1,338,168
Management and General	148,077	83,916
Fundraising	14,822	13,744
TOTAL EXPENSES	<u>1,950,092</u>	<u>1,435,828</u>
INCREASE IN UNRESTRICTED NET ASSETS	49,142	66,646
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>277,505</u>	<u>210,859</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 326,647</u>	<u>\$ 277,505</u>

See Auditor's Report and Notes to Financial Statements

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

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 49,142	\$ 66,646
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease (Increase) in Accounts Receivable	23,715	(23,715)
Increase in Accounts Payable	<u>17,484</u>	<u>3,636</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>90,341</u>	<u>46,567</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Depreciation	25,285	62,012
Purchase of 7th St. Building	(119,521)	(45,265)
Machinery and Equipment	<u>(6,300)</u>	<u>-</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(100,536)</u>	<u>16,747</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
7TH ST Equipping Loan	<u>146,169</u>	<u>(14,900)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>146,169</u>	<u>(14,900)</u>
 NET INCREASE IN CASH	 135,974	 48,414
Cash and Cash Equivalents, Beginning of Year	<u>83,721</u>	<u>35,307</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 219,695</u>	<u>\$ 83,721</u>
 Interest Paid	 <u>\$ 13,520</u>	 <u>\$ 12,901</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, 2018 and 2017

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:

- The Equipping Center and Impact KCK Program provides a comprehensive range of programs and services designed to meet the emotional, mental, physical, and spiritual needs of families throughout the urban core of Kansas City. Collaborative outreach space is offered to partnering organizations to provide their specialized services as well. Our Equipping Center houses Impact KCK, which serves the homeless children in the KCK Public School District. The Impact KCK model allows for a single day's effort to be greatly multiplied through the collaboration of varied agencies which provide targeted wrap-around care in a single space every Wednesday. Impact KCK families are able to accomplish in 3-4 weeks what would normally take 3-4 months, because of to the power of collective impact.
- The Transitional Internship Program provides targeted assistance, resources and training to at-risk individuals who are 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 a purposed mentor/coaching program.
- The Business Training Center Program provides economic and community development for at-risk families in the urban core of Kansas City, Missouri. We provide job-training, career-development, discipleship, internships, recycling jobs, mentor, neighborhood beautification, and economic development. The Business Training Center employs 12 full-time individuals who recycle more than 1578 tons of items annually which includes more than 50,000 mattresses. This program has been featured in The Kansas City Star, The Kearney Courier, Greenability, and the Midtown KC Post. The Program received the 2015 Missouri Outstanding Achievement Award in Environmental Excellence and it was named the 2015 MARC Sustainable Success Story Honoree.

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

AVENUE OF LIFE, INC.
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

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. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes on net assets: unrestricted 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 in the period received. The Organization reports gifts of cash and other assets as permanently restricted support if they are received with donor stipulations that limit the use of the donated assets.

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 the 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 2018 and 2017, the total of in-kind donated goods were \$645,633 and \$514,428, 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 CrossFirst 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 the property located at 500 N. 7th Street, Kansas City, Kansas 66101, which is 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, 2018 and 2017, the principal paid was \$16,974 and \$16,775 and the interest paid was \$12,857 and \$12,901.

In November, 2018 the organization obtained property located at 3535 Wood Avenue (Youth House), Kansas City, Kansas. The organization acquired a line of credit from CrossFirst Bank for renovation of the property in the amount of \$168,000. The note the maturity date is November 1, 2019. Interest is fixed at 5.25 percent and is payable monthly. For the year ending December 31, 2018 the interest paid was \$663. No payment was made towards the principal.

AVENUE OF LIFE, INC.
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 and 2017

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, 2018, December 31, 2017 and December 31, 2016 are subject to examination by the Internal Revenue Service.

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 4, 2019 which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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

2018

	Transitional Internship Program	Business Training Program	Equipping Center Program	Total Programs	Management and General	Fundraising	Total
Expenses:							
Personnel	\$	\$ 221,027	\$ 370,410	\$ 591,437	\$ 52,148	\$ 11,556	\$ 655,141
Payroll Taxes		35,359		35,359	9,429	2,357	47,145
Employee Benefits		1,772	6,084	7,856	5,814	709	14,379
Insurance		15,043	15,043	30,086	7,522		37,608
Bank Fees				-	2,210		2,210
Depreciation				-	60,309		60,309
Meals			17,820	17,820			17,820
Donated Meals			175,954	175,954			175,954
Donated Clothing			56,500	56,500			56,500
Donated General Supplies			335,694	335,694			335,694
Donated Furniture			76,985	76,985			76,985
Donated Vehicle	500			500			500
Interest			10,816	10,816	2,704		13,520
Miscellaneous	50	52	2,168	2,270			2,270
Office		884	5,667	6,551		200	6,751
Outreach-IMPACT KCK			167,591	167,591			167,591
Postage			843	843			843
Professional Fees	225	1,093	407	1,725	7,940		9,665
Program Supplies		-	7,641	7,641			7,641
Rent	5,505	1,061		6,566			6,566
Repairs and Maintenance		21,518	46,920	68,438			68,438
Stipends	11,365	8,215		19,580			19,580
Supplies	137	8,959	2,253	11,349			11,349
Telephone			2,247	2,247			2,247
Training			51,817	51,817			51,817
Reimbursement	152	29,527	12,841	42,519			42,519
Utilities	2,333	11,867	44,849	59,049			59,049
Total	\$ 20,267	\$ 356,376	\$ 1,410,550	\$ 1,787,194	\$ 148,077	\$ 14,822	\$ 1,950,092

2017

	Transitional Internship Program	Business Training Program	Neighborhood Renewal Program	Equipping Center Program	Total Programs	Management and General	Fundraising	Total
Expenses:								
Personnel	\$	\$ 175,283	\$ 32,628	\$ 243,027	\$ 418,310	\$ 45,292	\$ 11,323	\$ 474,925
Payroll taxes		13,769		13,769	27,538	7,344	1,836	36,718
Employee Benefits				2,930	2,930	2,430	585	5,945
Insurance				49,155	49,155	12,289		61,444
Bank Fees			16,384		16,384	2,401		18,785
Contracted Services				8,858	8,858			8,858
Depreciation				51,680	51,680			51,680
Meals				18,528	18,528			18,528
Donated Meals				110,282	110,282			110,282
Donated Clothing				66,750	66,750			66,750
Donated General Supplies				186,449	186,449			186,449
Donated Renovated Supplies				25,510	25,510			25,510
Donated Furniture				95,437	95,437			95,437
Interest				9,308	9,308	2,327		11,635
Miscellaneous		99			99	1,224		1,323
Office					-	4,288		4,288
Outreach	384			64,193	64,577			64,577
Postage					-	626		626
Professional Fees					-	5,615		5,615
Rent	11,035		9,114		20,149			20,149
Repairs and Maintenance		4,928		19,765	24,693			24,693
Stipends	12,830	1,385	2,055		16,270			16,270
Supplies		8,823		7,702	16,525			16,525
Telephone				5,765	5,765			5,765
Training	14			1,188	1,202			1,202
Reimbursement	623	18,514	6,063	-	25,200	80		25,280
Utilities	5,846	7,835	66,244	30,260	110,185			110,185
Total	\$ 30,732	\$ 230,636	\$ 66,244	\$ 1,010,556	\$ 1,371,784	\$ 83,916	\$ 13,744	\$ 1,469,444