

AVENUE OF LIFE, INC.

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

For the Years Ended December 31, 2015 and 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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
03 MAY 2016
OUR 45th YEAR

Ralph C. Johnson & Company, P.C.

FINANCIAL STATEMENTS

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

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash- Operating	\$ 48,010	\$ 76,914
TOTAL CURRENT ASSETS	48,010	76,914
CAPITAL ASSETS		
Buildings	380,235	311,183
Leasehold Improvements	41,457	41,457
Parking Lot	5,640	5,640
Machinery & Equipment	70,338	21,700
TOTAL FIXED ASSETS	497,670	379,980
Accumulated depreciation	(59,561)	(3,876)
NET FIXED ASSETS	438,109	376,104
TOTAL ASSETS	\$ 486,119	\$ 453,018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 7,169	\$ 2,976
TOTAL CURRENT LIABILITIES	7,169	2,976
LONG TERM LIABILITIES		
Line of Credit	249,454	264,757
TOTAL LIABILITIES	256,623	267,733
NET ASSETS		
Unrestricted net assets	229,496	185,285
Temporarily restricted net assets	-	-
Permanently restricted net assets	-	-
TOTAL NET ASSETS	229,496	185,285
TOTAL LIABILITIES AND NET ASSETS	\$ 486,119	\$ 453,018

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

	<u>2015</u>	<u>2014</u>
SUPPORT AND REVENUE		
Foundation donations	\$ 160,494	\$ 146,783
Corporate donations	23,007	1,765
Grant Fund donations	227,647	163,821
Partnership donations	93,582	125,792
Individual contributions	72,993	150,770
Interest income	19	-
Donated Equipment	39,565	
Donated Building	44,140	
Donated Goods for distribution	212,524	123,121
TOTAL SUPPORT AND REVENUE	<u>873,971</u>	<u>712,052</u>
Program Income - Recycling	74,447	15,416
Neighborhood Renewal Income	6,090	7,309
Other Income	5,545	8,367
TOTAL PROGRAM INCOME	<u>86,082</u>	<u>31,092</u>
TOTAL SUPPORT REVENUE AND INCOME	<u>960,053</u>	<u>743,144</u>
EXPENSES		
Program Services	857,385	524,750
Management and general	50,619	41,991
Fundraising	7,838	6,409
TOTAL EXPENSES	<u>915,842</u>	<u>573,150</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	44,211	169,994
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>185,285</u>	<u>15,291</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 229,496</u>	<u>\$ 185,285</u>

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

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 44,211	\$ 169,994
Adjustments to reconcile net income to net cash provided by operating activities:		
Increase (decrease) in accounts payable	4,193	(1,009)
Increase (decrease) in payroll liabilities	-	(1,177)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>48,404</u>	<u>167,808</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Depreciation	55,685	3,876
7TH St. Building	(69,052)	(311,183)
Machinery & Equipment	(48,638)	
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(62,005)</u>	<u>(376,104)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
7TH ST Equipping Loan	(15,303)	264,758
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(15,303)</u>	<u>264,758</u>
 NET INCREASE IN CASH	 (28,904)	 56,462
Cash and cash equivalents, beginning of year	76,914	20,452
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 48,010</u>	<u>\$ 76,914</u>
 Interest paid	 \$ <u>13,742</u>	 \$ <u>5,666</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, 2015 and 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 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 mentoring/coaching program.
- The Business Training Center Program will provide economic and community development for disadvantaged families in the urban core of Kansas City, Missouri. 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. 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, 2015 and 2014**

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 2015 and 2014, the total of in-kind donated goods were \$296,229 and \$123,121, 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 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 July 2, 2019. The note is secured by the property located at 500 N. 7th Street, Kansas City, KS 66101, the business offices of the organization. The note is payable in monthly installments of \$2,181.61, including interest fixed at 5.25 percent. The Board decided to pay an additional \$318.39 towards the principal each month for debt reduction. For the year ending December 31, 2015 and 2014, the principal paid was \$15,303 and \$6,242 and the interest paid was \$13,741 and \$5,666.

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, 2014 is subject to examination by the Internal Revenue Service (IRS).

NOTE 7 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 3, 2016 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

2015

	Transitional Internship Program	Business Training Program	Neighborhood Renewal Program	Equipping Center Program	Total Programs	Management and General	Fundraising	Total
Expenses:								
Personnel	\$	\$ 194,999	\$ 5,750	\$ 98,279	\$ 299,028	\$ 22,080	\$ 5,520	\$ 326,628
Payroll taxes		8,986		8,986	17,972	4,792	1,198	23,962
Employee Benefits		3,434		3,434	6,868	1,831	458	9,157
Equipment		1,631			1,631			1,631
Insurance				31,399	31,399	7,850		39,249
Bank Fees					-	730		730
Depreciation				55,685	55,685			55,685
Meals				36,070	36,070	1,861		37,931
Donated Meals				22,652	22,652			22,652
Donated Supplies				50,170	50,170			50,170
Donated Furniture			139,702		139,702			139,702
Interest				10,994	10,994	2,748		13,742
Medical/Dental	109			536	645			645
Misc.	143	1,373			1,516			1,516
Occupancy	17,775	500			18,275			18,275
Office					-	3,927		3,927
Outreach	7,753			11,614	19,367			19,367
Professional Fees	354		6,700		7,054	4,690		11,744
Program Supplies		3,862	5,686	1,787	11,335			11,335
Repairs & Maintenance	323	8,218		16,104	24,645			24,645
Stipends	18,972			2,884	21,856			21,856
Supplies	104	1,470	6,579	3,757	11,910	110	662	12,682
Telephone	993				993			993
Transportation & Mileage Reimbursement	3,795	15,743	314	5	19,857			19,857
Utilities	13,196	7,792	540	26,233	47,761			47,761
Total	\$ 63,517	\$ 248,008	\$ 165,271	\$ 380,589	\$ 857,385	\$ 50,619	\$ 7,838	\$ 915,842

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
Total	\$ 46,254	\$ 137,887	\$ 25,917	\$ 314,692	\$ 524,750	\$ 41,991	\$ 6,409	\$ 573,150