

AVENUE OF LIFE, INC.

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

For the Years Ended December 31, 2020 and 2019

Ralph C. Johnson & Company, pc

CERTIFIED PUBLIC ACCOUNTANTS
KANSAS CITY

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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, 2020 and 2019, 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, 2020 and 2019, 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
07 MAY 2021
OUR 50th YEAR

Ralph C Johnson & Company, pc

Ralph C. Johnson & Company, pc

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

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash - Operating	\$ 673,612	\$ 456,241
TOTAL CURRENT ASSETS	<u>673,612</u>	<u>456,241</u>
CAPITAL ASSETS		
Land	4,264	2,000
Buildings	563,605	562,986
Leasehold Improvements	41,457	41,457
Parking Lot	5,640	5,640
Machinery and Equipment	107,938	102,438
TOTAL FIXED ASSETS	<u>722,904</u>	<u>714,521</u>
Accumulated depreciation	(375,410)	(310,462)
NET FIXED ASSETS	<u>347,494</u>	<u>404,059</u>
TOTAL ASSETS	<u>\$ 1,021,106</u>	<u>\$ 860,300</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,264	\$ 9,319
Line of Credit	20,448	17,036
TOTAL CURRENT LIABILITIES	<u>31,712</u>	<u>26,355</u>
LONG TERM LIABILITIES		
Line of Credit	98,003	126,276
SBA Loan (Payroll Protection Loan)	132,100	-
TOTAL LIABILITIES	<u>261,815</u>	<u>126,276</u>
NET ASSETS		
Net Assets Without Donor Restrictions	759,291	707,669
Net Assets With Donor Restrictions	-	-
TOTAL NET ASSETS	<u>759,291</u>	<u>707,669</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,021,106</u>	<u>\$ 860,300</u>

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		Total Activities	
	Restrictions	Restrictions	Restrictions	Restrictions	2020	2019
	2020	2020	2019	2019		
SUPPORT AND REVENUE						
Foundation Donations	\$ 949,355		407,304		949,355	\$ 407,304
Corporate Donations	35,427		463,765		35,427	463,765
Grant Fund Donations	1,273,482		228,060		1,273,482	228,060
Partnership Donations	197,297		521,512		197,297	521,512
Individual Contributions	120,812		107,786		120,812	107,786
Interest Income	454		351		454	351
Donated Goods for Distribution	485,767		578,271		485,767	578,271
TOTAL SUPPORT AND REVENUE	3,062,594	-	2,307,049	-	3,062,594	2,307,049
Program Income - Recycling	99,869	-	160,330	-	99,869	160,330
Neighborhood Renewal Income	12,650	-	8,334	-	12,650	8,334
Other Income	7,540	-	10,922	-	7,540	10,922
TOTAL PROGRAM INCOME	120,059	-	179,586	-	120,059	179,586
TOTAL SUPPORT REVENUE AND INC	3,182,653	-	2,486,635	-	3,182,653	2,486,635
EXPENSES						
Program Services	2,929,910	-	1,920,930	-	2,929,909	1,920,930
Management and General	172,449	-	172,569	-	172,449	172,569
Fundraising	28,672	-	12,114	-	28,672	12,114
TOTAL EXPENSES	3,131,031	-	2,105,613	-	3,131,030	2,105,613
CHANGE IN NET ASSETS	51,622	-	381,022	-	51,623	381,022
NET ASSETS WITHOUT DONOR RESTRICTIONS - BEGINNING OF YEAR	707,669	-	326,647	-	707,669	326,647
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	\$ 759,291	-	707,669	-	759,291	\$ 707,669

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	Youth Center	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			808	808			808
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	<u>\$ 354,070</u>	<u>2,272,739</u>	<u>303,101</u>	<u>2,929,910</u>	<u>172,449</u>	<u>28,672</u>	<u>\$ 3,131,031</u>

See auditor's report and notes to financial statements

AVENUE OF LIFE, INC
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31
2019

	Business Training Program	Equipping Center Program	Total Programs	Mgmt. and General	Fundraising	Total
Expenses:						
Personnel	\$ 245,167	\$ 467,675	\$ 712,842	\$ 42,791	\$ 8,299	\$ 763,932
Payroll Taxes	48,188		48,188	12,850	3,213	64,251
Employee Benefits	11,843	11,843	23,686	15,167	602	39,455
Insurance	14,399	30,297	44,696			44,696
Bank Fees				2,383		2,383
Depreciation				98,599		98,599
Meals		1,158	1,158			1,158
Donated Meals		45,679	45,679			45,679
Donated Clothing		182,260	182,260			182,260
Donated General Supplies		118,458	118,458			118,458
Donated Furniture		231,873	231,873			231,873
Assistance-Housing/Utilities		233,380	233,380			233,380
Interest		9,278	9,278			9,278
Neighborhood Renewal	2,742	3,013	5,755			5,755
Office Expense		8,398	8,398			8,398
Outreach-IMPACT KCK		28,897	28,897			28,897
Postage				779		779
Program Supplies		5,332	5,332			5,332
Rent	500	3,500	4,000			4,000
Repairs and Maintenance	11,446	58,570	70,016			70,016
Stipends	11,118	5,078	16,196			16,196
Supplies	3,283	10,829	14,112			14,112
Training		28,073	28,073			28,073
Transportation Expense	27,486	4,973	32,459			32,459
Utilities	10,446	45,748	56,194			56,194
Total	\$ 386,618	1,534,312	1,920,930	172,569	12,114	\$ 2,105,613

See auditor's report and notes to financial statements

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

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 51,623	\$ 381,022
Adjustments to reconcile net income to net cash provided by Operating Activities:		
Increase (Decrease) in Accounts Payable	1,946	(22,762)
Increase in Accrued Liabilities	132,100	
Depreciation	64,948	98,599
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>198,994</u>	<u>75,837</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of 7th St. Building	(8,384)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(8,384)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
7TH ST Equipping Loan	(24,861)	(220,312)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>(24,861)</u>	<u>(220,312)</u>
NET INCREASE IN CASH	217,372	236,547
Cash and Cash Equivalents, Beginning of Year	456,241	219,694
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 673,613</u>	<u>\$ 456,241</u>
Interest Paid	<u>\$ 2,571</u>	<u>\$ 9,278</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, 2020 AND 2019

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 Program** provides a comprehensive range of programs and services designed to meet the emotional, mental, physical, and spiritual needs of Wyandotte County families. The Equipping Center is an incubator for in-house, partnering agencies to provide their specialized services in the urban core of Kansas City, Kansas. The Equipping Center serves hot meals, provides classes such as GED and ESL, and has a barbershop, music room, computer lab and classroom space. Our Equipping Center houses Impact KCK, which serves Wyandotte County McKinney-Vento children and families. The Impact KCK model has been replicated in various cities nationwide and is based on the Collective Impact model for community change. Avenue of Life is the backbone agency and coordinates the efforts of more than 55 partnering organizations committed to addressing the needs of homeless students and families. Impact KCK provides services which include intensive case management and housing solutions. In the 2019-2020 school year, Impact KCK reached 185 families, housed 76 families and employed 40 families. Due to the COVID pandemic, Avenue of Life served 7,138 unduplicated individuals in 2020 through emergency response efforts.

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, mentoring, neighborhood beautification, and economic development. The Business Training Center employs up to 12 full-time individuals who recycle more than 2400 tons of items annually which includes more than 70,000 mattresses. This program was featured in The Kansas City Star, The Kearney Courier, Greenability, and the Midtown KC Post and has received the 2015 Missouri Outstanding Achievement Award in Environmental Excellence and named the 2015 Mid-America Regional Council (MARC) Sustainable Success Story Honoree.

The **Impact KCK Avenue Youth House** serves unaccompanied homeless youth and young adults ages 16-24 with emergency shelter, a transitional living program, and a full set of wrap-around services that make it possible for them to be safe, complete their high school education, and make a successful transition into adulthood with financial assistance and social service supports necessary to complete college or post-secondary career training and move into a permanent career. We have 18 bedrooms and adequate space to offer transformational, wrap-around support. We provide a long-term home through high school graduation and on to career and higher education. We provide care and guidance through licensed therapists, case workers, mentors, and personal tutors. This is a collaborative effort between many local agencies, specializing in a broad

AVENUE OF LIFE, INC.
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

spectrum of holistic care. We have staff, teachers and mentors to teach participants how to manage personal finances, cook well-balanced meals, engage in healthy recreation, develop entrepreneurial skills, and help them apply to colleges and places of employment.

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

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 is 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.

AVENUE OF LIFE, INC.
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Functional Expenses

Avenue of Life. allocates expenses on a functional basis between its various programs and support services. 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. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Management and General - includes all activities related to Avenue of Life's internal management and accounting for program services.

Fund Raising -includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds.

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 donated items are used in the program services of the Organization. In 2020 and 2019, the total of in-kind donated goods were approximately \$485,767 and \$578,271, 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.

**AVENUE OF LIFE, INC.
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019, the principal paid was \$27,429 and \$56,294.94 and the interest paid was \$2,571 and \$9,278. The balance at the end of December 31, 2020 and 2019 was \$118,451 and \$143,312.

Principal requirements on long-term debt for years ending after December 31, 2020 are as follows:

	Cross First Bank Line of Credit Maturity Date -10-02-2022	
2021	\$ 20,448	
2022	<u>98,003</u>	
Total	<u>\$118,451</u>	

NOTE 6 - PAYROLL PROTECTION LOAN

The Coronavirus Aid, Relief and Economic Security Act (CARES) was enacted to provide immediate assistance to individuals, families, and businesses affected by the COVID-19 emergency. The CARES Act authorizes the United State Small Business Administration (SBA) to temporarily guarantee loans under a new 7(a) loan program titled the "Paycheck Protection Program" (PPP). Loans granted under the PPP are 100 percent guaranteed by SBA, and the loans may qualify for forgiveness of both principle and interest. Avenue of Life, Inc. applied for and received a PPP loan in the amount of \$132,100 on April 17, 2020. The loan was forgiven by the SBA and the lender on January 7, 2021.

NOTE 7 - 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, 2020, December 31, 2019 and December 31, 2018 are subject to examination by the Internal Revenue Service.

NOTE 8 - 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.

**AVENUE OF LIFE, INC.
(A NOT-FOR-PROFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 9 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	Amount
Cash and cash equivalents	<u>\$673,612</u>
Financial assets available for general expenditures in the next 12 months	<u>\$673,612</u>

OTHER REQUIRED REPORTS

**AVENUE OF LIFE, INC.
(A NON-PROFIT CORPORATION)
SCHEDULE OF FEDERAL EXPENDITURES
FOR THE YEAR ENDING
DECEMBER 31, 2020**

Federal Agency	Pass-Through Entity	Program Title	Contract Number	Other Identifying Number	CFDA Number	Amount Expended
Department of Housing and Urban Development	Unified Government of Wyandotte County	Emergency Solutions Grant	E-20-MW 20-0001	ESG-CV	14.231	101,950.24
Department of Housing and Urban Development	Unified Government of Wyandotte County	Emergency Solutions Grant	E-19-MC 20-0001	ESG-HP 19-21	14.231	51,009.28
Department of Health and Human Services United States	Wyandotte County	CARES Act Coronavirus		APP #218	93.498	660,014.00
Department of Treasury	United Way of Greater Kansas City	Relief Fund		APP #172 SPAR	21.019	289,473.63
Department of Justice	State of Kansas		20-JAG	JAG 19-20	16.738	158,757.18
Department of Justice	State of Kansas		21-JAG	JAG 20-21	16.738	54,680.40
					Total	\$ 1,315,885

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, 2020. 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

Following are the sub-recipients of the CARES Act grant:

Agency	Amount Received
Avance Community Center WYCO Cares	\$ 60,052
Avenue WYCO Cares	223,856
Brothers in Blue Re-Entry WYCO Cares	20,192
Firm Foundations WYCO Cares	19,884
Foundations-Helping Hands Project WYCO Cares	21,590
Flourish Furnishings WYCO Cares	15,745
Habitat for Humanity WYCO Cares	16,381
Heartland WYCO Cares	14,992
Our Spot KC WYCO Cares	69,495
Rachel's Tea House WYCO Cares	29,874
Village Initiative WYCO Cares	72,313
Veronica's Voice WYCO Cares	17,640
Workforce Development WYCO Cares	<u>78,000</u>
Total	<u>\$ 660,014</u>

Ralph C. Johnson & Company, p.c.

Certified Public Accountants
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**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, 2020, 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 May 7, 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
07 May 2021
OUR 50th Year

Ralph C Johnson & Company, pc

Ralph C. 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, 2020. 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, 2020.

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, 2020 and have issued our report thereon dated May 7, 2021 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
07 May 2021
OUR 50th Year

Ralph C Johnson & Company, pc

Ralph C. Johnson & Company, p.c.

**AVENUE OF LIFE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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	CFDA 14.231
Department of Health and Human Services	CFDA 93.498
Department of Justice	CFDA 16.738
United States Department of Treasury	CFDA 21.019
8. The threshold for distinguishing Type A and B programs was \$750,000.
9. Avenue of Life qualified 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