

**AVENUE OF LIFE, INC.**

**AUDITED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTAL INFORMATION**

**For the Years Ended December 31, 2019 and 2018**

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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, 2019 and 2018, 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, 2019 and 2018, 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  
21 AUGUST 2020  
**OUR 49<sup>th</sup> YEAR**

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

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash - Operating	\$ 456,241	\$ 219,694
Accounts Receivable	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>456,241</b>	<b>219,694</b>
<b>CAPITAL ASSETS</b>		
Land	2,000	2,000
Buildings	562,986	562,986
Leasehold Improvements	41,457	41,457
Parking Lot	5,640	5,640
Machinery and Equipment	102,438	102,438
<b>TOTAL FIXED ASSETS</b>	<b>714,521</b>	<b>714,521</b>
Accumulated depreciation	(310,462)	(211,863)
<b>NET FIXED ASSETS</b>	<b>404,059</b>	<b>502,658</b>
<b>TOTAL ASSETS</b>	<b>\$ 860,300</b>	<b>\$ 722,352</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 9,319	\$ 32,082
Line of Credit	17,036	180,116
<b>TOTAL CURRENT LIABILITIES</b>	<b>26,355</b>	<b>212,198</b>
<b>LONG TERM LIABILITIES</b>		
Line of Credit	126,276	183,508
<b>TOTAL LIABILITIES</b>	<b>152,631</b>	<b>395,706</b>
<b>NET ASSETS</b>		
Unrestricted Net Assets	707,669	326,646
<b>TOTAL NET ASSETS</b>	<b>707,669</b>	<b>326,646</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 860,300</b>	<b>\$ 722,352</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**

	<u>2019</u>	<u>2018</u>
<b>SUPPORT AND REVENUE</b>		
Foundation Donations	\$ 407,304	\$ 504,783
Corporate Donations	463,765	17,268
Grant Fund Donations	228,060	248,017
Partnership Donations	521,512	207,244
Individual Contributions	107,786	100,352
Interest Income	351	145
Donated Building	-	-
Donated Goods for Distribution	578,271	645,633
<b>TOTAL SUPPORT AND REVENUE</b>	<u>2,307,049</u>	<u>1,723,442</u>
Program Income - Recycling	160,330	226,352
Neighborhood Renewal Income	8,334	15,501
Other Income	10,922	33,939
<b>TOTAL PROGRAM INCOME</b>	<u>179,586</u>	<u>275,792</u>
<b>TOTAL SUPPORT REVENUE AND INCOME</b>	<u>2,486,635</u>	<u>1,999,234</u>
<b>EXPENSES</b>		
Program Services	1,920,930	1,787,194
Management and General	172,569	148,077
Fundraising	12,114	14,822
<b>TOTAL EXPENSES</b>	<u>2,105,613</u>	<u>1,950,092</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	381,022	49,142
<b>UNRESTRICTED NET ASSETS, BEGINNING OF YEAR</b>	<u>326,647</u>	<u>277,505</u>
<b>UNRESTRICTED NET ASSETS, END OF YEAR</b>	\$ <u>707,669</u>	\$ <u>326,647</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>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in Net Assets	\$ 381,022	\$ 49,142
Adjustments to reconcile net income to net cash provided by operating activities:		
Decrease (Increase) in Accounts Receivable	-	23,715
Increase in Accounts Payable	<u>(22,762)</u>	<u>17,484</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>358,260</u>	<u>90,341</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Depreciation	98,599	25,285
Purchase of 7th St. Building	-	(125,822)
Machinery and Equipment	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>98,599</u>	<u>(100,537)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>7TH ST Equipping Loan</b>	<u>(220,312)</u>	<u>146,169</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>(220,312)</u>	<u>146,169</u>
 <b>NET INCREASE IN CASH</b>	 236,547	 135,973
Cash and Cash Equivalents, Beginning of Year	<u>219,694</u>	<u>83,721</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 456,241</u>	<u>\$ 219,694</u>
 Interest Paid	 <u>\$ 9,278</u>	 <u>\$ 13,520</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, 2019 AND 2018**

**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 two 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 13-17 in-house, partnering agencies to provide their specialized services in the urban core of KCK. The Equipping Center serves hot meals, provides classes, 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 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.

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, 2019 AND 2018**

**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 2019 and 2018, the total of in-kind donated goods were \$578,271 and \$645,633, respectively.

**NOTE 4 - CONCENTRATIONS**

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

**NOTE 5 - LONG-TERM LIABILITIES**

The organization has secured a line of credit from Cross First Bank in the amount of \$270,000. The loan date is July 2, 2014, with a maturity date of October 2, 2022. The note is secured by the property located at 500 N. 7<sup>th</sup> 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, 2019 and 2018, the principal paid was \$56,294.94 and \$16,974 and the interest paid was \$9,278 and \$12,857.

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 Cross First Bank for renovation of the property in the amount of \$168,000. The note matured November 2019.

**AVENUE OF LIFE, INC.**  
**(A NOT-FOR-PROFIT CORPORATION)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

**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, 2019, December 31, 2018 and December 31, 2017 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. Due to the COVID-19 pandemic, businesses within the entire States of Kansas and Missouri were subject to a stay at home order. 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.

## **SUPPLEMENTARY INFORMATION**



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

**2019**

	Business Training Program	Equipping Center Program	Total Programs	Mgmt & General	Fundraisin g	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
<b>Total</b>	<b>\$ 386,618</b>	<b>1,534,312</b>	<b>1,920,930</b>	<b>172,569</b>	<b>12,114</b>	<b>\$ 2,105,613</b>