

**AO: ADVOCATING OPPORTUNITY, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
AO: Advocating Opportunity, Inc.  
Toledo, Ohio

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of AO: Advocating Opportunity, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets (accumulated deficit), 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 AO: Advocating Opportunity, Inc. as of December 31, 2023 and 2022, and the change 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AO: Advocating Opportunity, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the 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 the Organization's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' 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 auditors' 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout 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 AO: Advocating Opportunity, Inc.'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 AO: Advocating Opportunity, Inc.'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.

Board of Directors  
AO: Advocating Opportunity, Inc.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2025, on our consideration of AO: Advocating Opportunity, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AO: Advocating Opportunity, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AO: Advocating Opportunity, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Maumee, Ohio  
March 21, 2025

**AO: ADVOCATING OPPORTUNITY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 21,200	\$ 35,193
Grants Receivable	173,655	204,793
Property and Equipment, Net	18,737	374
Operating Lease Right-of-Use Assets	40,604	96,882
Total Assets	\$ 254,196	\$ 337,242
<b>LIABILITIES AND NET ACCUMULATED DEFICIT</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 31,822	\$ 33,766
Accrued Expenses and Other Liabilities	60,081	60,424
Deferred Revenue	72,171	60,850
Line of Credit	30,000	30,000
Notes Payable	46,898	-
Economic Injury Disaster Loan	475,200	475,200
Operating Lease Liabilities	44,777	107,080
Total Liabilities	760,949	767,320
<b>NET ACCUMULATED DEFICIT</b>		
With Donor Restrictions	2,521	3,865
Without Donor Restrictions	(509,274)	(433,943)
Total Net Accumulated Deficit	(506,753)	(430,078)
Total Liabilities and Net Accumulated Deficit	\$ 254,196	\$ 337,242

See accompanying Notes to Financial Statements.

**AO: ADVOCATING OPPORTUNITY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (ACCUMULATED DEFICIT)**  
**YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES</b>			
Federal and State Contracts and Grants	\$ 1,935,205	\$ -	\$ 1,935,205
Contributions	192,603	-	192,603
Contributed Nonfinancial Assets	229,496	-	229,496
Paycheck Protection Program			
Loan Forgiveness	-	-	-
Interest Income	-	-	-
Special Events Revenue, Net	-	-	-
Net Assets Released from Restrictions	1,344	(1,344)	-
Total Operating Revenues	2,358,648	(1,344)	2,357,304
<b>EXPENSES</b>			
Program Services	2,040,332	-	2,040,332
Supporting Services	393,647	-	393,647
Total Expenses	2,433,979	-	2,433,979
<b>CHANGE IN NET ACCUMULATED DEFICIT</b>	(75,331)	(1,344)	(76,675)
Net Assets (Accumulated Deficit) - Beginning of Year	(433,943)	3,865	(430,078)
<b>NET ASSETS (ACCUMULATED DEFICIT) - END OF YEAR</b>	\$ (509,274)	\$ 2,521	\$ (506,753)

See accompanying Notes to Financial Statements.

**AO: ADVOCATING OPPORTUNITY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (ACCUMULATED DEFICIT)**  
**YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>OPERATING REVENUES</b>			
Federal and State Contracts and Grants	\$ 1,093,197	\$ -	\$ 1,093,197
Contributions	296,837	3,865	300,702
Contributed Nonfinancial Assets	221,699	-	221,699
Paycheck Protection Program Loan Forgiveness	-	-	-
Interest Income	154	-	154
Special Events Revenue, Net	6,516	-	6,516
Total Operating Revenues	<u>1,618,403</u>	<u>3,865</u>	<u>1,622,268</u>
<b>EXPENSES</b>			
Program Services	1,679,968	-	1,679,968
Supporting Services	260,578	-	260,578
Total Expenses	<u>1,940,546</u>	<u>-</u>	<u>1,940,546</u>
<b>CHANGE IN NET ASSETS (ACCUMULATED DEFICIT)</b>			
	(322,143)	3,865	(318,278)
Net Assets (Accumulated Deficit) - Beginning of Year	<u>(111,800)</u>	<u>-</u>	<u>(111,800)</u>
<b>NET ASSETS (ACCUMULATED DEFICIT) - END OF YEAR</b>	<u>\$ (433,943)</u>	<u>\$ 3,865</u>	<u>\$ (430,078)</u>

See accompanying Notes to Financial Statements.

**AO: ADVOCATING OPPORTUNITY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Payroll and Payroll Tax Expense	\$ 1,399,744	\$ 169,173	\$ 1,568,917
Employee Benefits	251,300	19,146	270,446
Building Rent	58,235	38,824	97,059
Contract Services	211,456	100,749	312,205
Office Expense	-	33,841	33,841
Training and Staff Development	6,166	-	6,166
Client Resources	18,854	-	18,854
Travel and Entertainment	13,538	-	13,538
Vehicle	15,546	-	15,546
Depreciation Expense	1,452	363	1,815
Insurance	13,854	-	13,854
Miscellaneous	50,187	31,551	81,738
	<u>\$ 2,040,332</u>	<u>\$ 393,647</u>	<u>\$ 2,433,979</u>
Total Expenses by Function	<u>\$ 2,040,332</u>	<u>\$ 393,647</u>	<u>\$ 2,433,979</u>

See accompanying Notes to Financial Statements.

**AO: ADVOCATING OPPORTUNITY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
Payroll and Payroll Tax Expense	\$ 1,127,873	\$ 113,451	\$ 1,241,324
Employee Benefits	159,447	11,233	170,680
Building Rent	57,724	38,482	96,206
Contract Services	213,125	39,711	252,836
Office Expense	-	33,250	33,250
Training and Staff Development	10,942	-	10,942
Client Resources	21,896	-	21,896
Travel and Entertainment	17,876	-	17,876
Vehicle	8,540	-	8,540
Depreciation Expense	2,400	600	3,000
Insurance	9,354	-	9,354
Miscellaneous	50,791	23,851	74,642
	<u>\$ 1,679,968</u>	<u>\$ 260,578</u>	<u>\$ 1,940,546</u>
Total Expenses by Function	<u>\$ 1,679,968</u>	<u>\$ 260,578</u>	<u>\$ 1,940,546</u>

See accompanying Notes to Financial Statements.

**AO: ADVOCATING OPPORTUNITY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Accumulated Deficit	\$ (76,675)	\$ (318,278)
Adjustments to Reconcile Net Accumulated Deficit to		
Net Cash Used by Operating Activities:		
Depreciation	1,815	3,000
Noncash Operating Lease Expense	(6,025)	10,198
Changes in Operating Assets and Liabilities:		
Grants Receivable	31,138	(152,336)
Accounts Payable	(1,944)	15,834
Accrued Expenses and Other Liabilities	(343)	18,482
Deferred Revenue	11,321	60,850
Net Cash Used by Operating Activities	(40,713)	(362,250)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds From Issuance of Notes	30,000	-
Principal Payments on Notes	(3,280)	-
Net Cash Provided (Used) by Financing Activities	26,720	-
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(13,993)	(362,250)
 Cash and Cash Equivalents - Beginning of Year	35,193	397,443
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 21,200	\$ 35,193
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Right-of-Use Assets Obtained in Exchange for Operating Lease Liabilities	\$ 7,070	\$ 3,526
 Vehicle Financed Through Issuance of Note Payable	\$ 20,178	\$ -
 Cash Paid During the Year for Interest	\$ 29,067	\$ 4,405

See accompanying Notes to Financial Statements.

**AO: ADVOCATING OPPORTUNITY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Advocating Opportunity (the Organization) was established in 2014 as a nonprofit organization and operates in Toledo, Ohio, Columbus, Ohio, and Nashville, Tennessee. The Organization partners with dozens of organizations and agencies that serve victims of human sex trafficking. The mission of the Organization is to provide comprehensive legal advocacy, direct representation, and holistic services to all victims of human trafficking including labor and sex trafficking, prostitution, and commercial sexual exploitation. Revenue is derived primarily from various grants, both public and privately funded. The Organization is also funded through public support from supporting organizations.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting. The accrual basis of accounting provides for the recognition of revenues when earned and the recognition of expenses when incurred.

**Financial Statement Presentation**

The accompanying financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) Topic 958, *Presentation of Financial Statements of Not-for-Profit Entities*, to be in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**AO: ADVOCATING OPPORTUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards**

The Organization has adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective January 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Organization's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The Organization also updated its accounting policies for determining the recoverability of trade receivables, loans, and other financial assets. The Organization's allowance for credit losses was not materially impacted by the adoption of CECL in 2023.

**Cash and Cash Equivalents**

For the purposes of the statements of cash flows, the Organization considers all highly liquid instruments purchased with an initial maturity of three months or less to be cash equivalents. The Organization maintains deposits in federally insured financial institutions. At times these deposits exceed federally insured limits; however, management monitors the soundness of these financial institutions and believes the Organization's risk is negligible.

**Grants Receivable**

Grants receivable are recorded at the amount expected to be collected. The amount of grant expenses incurred for which payment was not yet received is the valued amount of grants receivable as of December 31, 2023 and 2022. Grants receivable are considered fully collectible as of December 31, 2023 and 2022. Accordingly, no allowance for uncollectible accounts is required.

**Property and Equipment**

Property and equipment are carried at cost when purchased and placed in service. Expenditures relating to long-term use assets over \$1,000 per unit (i.e., car purchase) are capitalized, while expenditures for maintenance and repairs are charged to expense. Depreciation is provided at rates designed to amortize the carrying amount of an asset over its estimated useful life and is computed by using the straight-line method.

**Leases**

The Organization leases office space and equipment and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organizations use a risk-free rate based on the information available at commencement date in determining the present value of lease payments.

**AO: ADVOCATING OPPORTUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

The operating lease ROU asset also includes any lease payments made and excludes lease incentives.

The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Organizations' lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In allocating consideration in the contract to the separate lease components and the nonlease components, the Organization uses the standalone prices of the lease and nonlease components. Observable standalone prices are used, if available. If the standalone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

**Deferred Revenue**

Cash received from grants or contracts is recorded as deferred revenue until the barrier to earning is met if a right of return is identified in the grant or contract agreement.

**AO: ADVOCATING OPPORTUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Program Revenue**

The Organization's revenue consists principally of direct public grants and contributions. All revenues are recorded as contributions in accordance with FASB ASC Topic, *Not-for-profit Entities – Revenue Recognition*. The Organization records revenues as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Income Taxes**

A provision for income taxes has not been included in the financial statements as the Internal Revenue Service has determined the Organization to be exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

Management of the Organization is required to determine whether a tax position of the Organization, such as tax exemption designation, is more likely than not to be sustained upon examination by the applicable taxing authority. Management of the Organization is not aware of any tax positions for which it is reasonably possible that a significant change in a tax position will occur in the next twelve months. However, management's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions).

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include: rent and utilities which are allocated based on use of the space between program service purposes and office use; vehicle and depreciation expense which is allocated based on use of the vehicle for program service and other uses; and payroll, payroll tax expense and employee benefits are split between individual job duties based on hours spent relating to each category. Costs that can be charged to specific cost centers are allocated to the associated program with remaining expenses charged to management and general.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on previously reported results of operations or net assets.

**AO: ADVOCATING OPPORTUNITY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Subsequent Events**

The Organization has evaluated subsequent transactions and events through March 21, 2025, which is the date the financial statements were available for issuance, and identified no material subsequent events that required further recognition or disclosure other than those identified in Note 3.

**NOTE 2 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Computers	\$ 6,011	\$ 6,011
Vehicles	63,178	43,000
Furniture and Fixtures	<u>5,242</u>	<u>5,242</u>
Subtotal	74,431	54,253
Less: Accumulated Depreciation	<u>55,694</u>	<u>53,879</u>
Total Property and Equipment	<u><u>\$ 18,737</u></u>	<u><u>\$ 374</u></u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$1,815 and \$3,000, respectively.

**AO: ADVOCATING OPPORTUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 LEASES ASC 842**

The Organization leases office facilities and equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2028. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provided quantitative information concerning the Organization's leases.

	<u>2023</u>	<u>2022</u>
Operating Lease Cost	\$ 64,292	\$ 62,880
Short-Term Lease Cost	44,695	41,011
Total	<u>\$ 108,987</u>	<u>\$ 103,891</u>
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 70,319	\$ 52,680
Right-of-Use Assets Obtained in Exchange for Lease Liabilities:		
Operating Leases	7,070	158,401
Weighted-Average Lease Term:		
Operating Leases	1.2 Years	1.5 Years
Weighted-Average Discount Rate:		
Operating Leases	1.81 %	1.17 %
Lease Assets:		
Operating Right-of-Use Assets - Other Assets	<u>\$ 40,604</u>	<u>\$ 96,882</u>
Total Leased Right-of-Use Assets	<u>\$ 40,604</u>	<u>\$ 96,882</u>
Lease Liabilities:		
Operating Lease Liabilities	<u>\$ 44,777</u>	<u>\$ 107,080</u>
Total Lease Liabilities	<u>\$ 44,777</u>	<u>\$ 107,080</u>

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023 is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 38,074
2025	2,562
2026	2,480
2027	1,572
2028	<u>1,048</u>
Total Lease Payments	45,736
Less: Interest	(959)
Present Value of Lease Liabilities	<u>\$ 44,777</u>

**AO: ADVOCATING OPPORTUNITY, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**NOTE 3 LEASES ASC 842 (CONTINUED)**

Subsequent to year-end, the Organization has entered into an additional noncancelable operating lease for a facility resulting in a ROU asset and operating lease liability of approximately \$205,000. The operating lease will commence during 2024 with a lease term of three years.

**NOTE 4 DEFERRED REVENUE**

The barrier to earning revenue for the following grants and contracts was not met at December 31:

	2023	2022
Elevate	\$ 46,008	\$ -
Stranahan Supporting Organization	-	45,585
Ohio Access to Justice Foundation	-	8,479
Rotary Toledo	-	6,786
R.A.Stranahan	3,306	-
OVC Housing	5,093	-
OVC Specialized	849	-
OVC Scope 2020	16,915	-
Total	<u>\$ 72,171</u>	<u>\$ 60,850</u>

**NOTE 5 LINE OF CREDIT**

The Organization has a line of credit for \$30,000. The interest rate for this line of credit is a floating rate and is based on the Wall Street Journal prime rate plus 3% (11.50% and 10.50% at December 31, 2023 and 2022, respectively). The outstanding balance at both December 31, 2023 and 2022 was \$30,000. The line of credit is unsecured.

**NOTE 6 ECONOMIC INJURY DISASTER LOAN AND NOTES PAYABLE**

The Organization was granted a loan in the amount of \$150,000 from the U.S. Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) program. The loan was approved in June 2020. The EIDL loan was to be repaid in monthly installments of \$614, including principal and interest, over thirty years, beginning in June 2021. In December 2021, the loan was amended to increase the balance due to \$475,200, and the monthly installments to be repaid increased to \$2,077. The SBA extended deferral of payments during 2022 and 2021 on all EIDL loans. Installment payments of principal and interest are due monthly beginning December 2022. Payments will first be applied to accrued interest before principal payments will begin. Interest will accrue at the rate of 2.75% per annum and the loan is collateralized by the assets of the Organization. The balance of the loan was \$475,200 at both December 31, 2023 and 2022.

**AO: ADVOCATING OPPORTUNITY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 6 ECONOMIC INJURY DISASTER LOAN AND NOTES PAYABLE (CONTINUED)**

The Organization was also granted a loan in the amount of \$30,000 from a lender during 2023. The loan is to be repaid in monthly installments of \$489, including principal and interest, over seven years, beginning May 2023. Interest is calculated at a rate of 9.25% annually.

The Organization was also granted a vehicle loan in the amount of \$20,178 from a lender during 2023. The loan is to be repaid in monthly installments of \$439, including principal and interest, over five years, beginning August 2023. Interest is calculated at a rate of 10.89% annually. The loan is secured by the vehicle.

Future principal maturities for the years ending December 31 are as follows:

<u>Year Ending December 31,</u>	Amount			
	<u>EIDL</u>	<u>Other</u>	<u>Vehicle</u>	<u>Total</u>
2024	\$ 6,227	\$ 3,384	\$ 3,374	\$ 12,985
2025	12,180	3,723	3,760	19,663
2026	12,519	4,088	4,190	20,797
2027	12,868	4,488	4,670	22,026
2028	13,226	4,925	2,967	21,118
Thereafter	418,180	7,329	-	425,509
Total	<u>\$ 475,200</u>	<u>\$ 27,937</u>	<u>\$ 18,961</u>	<u>\$ 522,098</u>

**NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS**

A grant was received during 2022 to support the Organization's proposal for assisting foreign national human trafficking victims. At December 31, 2023 and 2022, \$2,521 and \$3,865, respectively, had not been spent and is listed as net assets with donor restrictions on the statements of financial position.

**NOTE 8 RETIREMENT PLAN**

The Organization has a 401(k) plan, which provides for contributions on behalf of the employees. The Organization contributes 3% for all eligible employees on an annual basis. The contribution typically occurs in June/July of the subsequent year. The plan covers all employees who have attained the age of 21 and have at least one year of service. The 401(k) expense for the years ended December 31, 2023 and 2022 was \$42,563 and \$34,780, respectively.

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**NOTE 9 CONCENTRATIONS**

The Organization receives various monies from grantors on a reimbursement basis to provide legal services.

The Office for Victims of Crime grants accounted for approximately 47% and 34% of total revenues for the years ended December 31, 2023 and 2022, respectively, as well as 13% and 32% of grants receivable at December 31, 2023 and 2022, respectively.

The State of Ohio grants accounted for approximately 16% and 26% of total revenues for the years ended December 31, 2023 and 2022, respectively, as well as 46% and 50% of grants receivable at December 31, 2023 and 2022, respectively.

**NOTE 10 CONTRIBUTED NONFINANCIAL ASSETS**

The Organization receives contributed nonfinancial assets for use in programs that support its mission and purpose. Such gifts and services are recorded at their estimated fair value at the date of donation based upon the quantities donated, their condition, and utility for use. Any restrictions on the use of contributed nonfinancial assets were met within one year of donation. The detail below is reflected as contributed nonfinancial assets on the statements of activities and included in the statements of functional expenses within the categories below:

	2023	2022
Rent	\$ 2,220	\$ 5,883
Client Resources	15,820	20,241
Contract Services	211,456	195,575
Total	<u>\$ 229,496</u>	<u>\$ 221,699</u>

For the years ended December 31, 2023 and 2022, \$24,500 and \$17,500, respectively were contributed nonfinancial assets of contract services from a board member.

**NOTE 11 LIQUIDITY AND AVAILABILITY**

The Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows at December 31:

	2023	2022
Cash	\$ 21,200	\$ 35,193
Grants Receivable	173,655	204,793
Less: Net Assets With Donor Restrictions	(2,521)	(3,865)
Total	<u>\$ 192,334</u>	<u>\$ 236,121</u>

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**NOTE 11 LIQUIDITY AND AVAILABILITY (CONTINUED)**

The Organization has \$192,334 and \$236,121 at December 31, 2023 and 2022, respectively, of financial assets available within one year of the statements of financial position date to meet cash needs for general expenditures, consisting of cash and grant receivables. The Organization manages cash in savings accounts to ensure funds are available to meet operating needs.

The Organization has evaluated its ability to continue operations for at least one year after March 21, 2025, giving consideration to liquid assets, cash used by operating activities, the accumulated deficit, and debt in excess of assets available as of December 31, 2023. Additional funding has been secured for future operations. Additionally, the Board of Directors has given significant planning to fundraisers and diversifying income to plan for the future and pay down debt, which has very manageable repayment terms.

**NOTE 12 CONTINGENCIES**

In the normal course of operations, the Organization may be subject to litigation and claims. Management and its legal counsel periodically review the probable outcome of pending claims and proceedings, the costs and expenses reasonably expected to be incurred, the availability and limits of the Organization's insurance coverage, and the Organization's accruals for uninsured liabilities. While the ultimate legal and financial liability in respect to the claims and proceedings cannot be estimated with certainty, management believes, based on its reviews and experience to date, that any liability in excess of amounts covered by insurance will not have a material effect on the Organization's financial statements.



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