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# THE ROYS REPORT NFP

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

(TOGETHER WITH INDEPENDENT ACCOUNTANT'S REPORT)

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## TABLE OF CONTENTS

<b><u>INDEPENDENT ACCOUNTANT'S REPORT</u></b>	2
<b>FINANCIAL STATEMENTS</b>	
Statements of Assets, Liabilities and Net Assets	3
Statements of Revenue, Expenses and Changes in Net Assets	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
<b>NOTES TO FINANCIAL STATEMENTS</b>	7 – 11



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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To The Board of Directors  
The Roys Report NFP  
Chicago, IL

We have reviewed the accompanying financial statements of The Roys Report, (an Illinois Not-For-Profit Corporation), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2023, and the related statement of revenue, expenses, and changes in net, statement of functional expenses and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting the company uses is an acceptable basis for the preparation of financial statements in the circumstances; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The Roys Report and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

*Odoni Partners, LLC*

Chicago, Illinois

October 30, 2024

## **NOTE 1 – DESCRIPTION OF THE ORGANIZATION**

The Roys Report(the Organization) is a Christian media outlet, reporting the unvarnished truth about what's happening in the Christian community so the church can be reformed and restored.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The financial statements of The Roys Report have been prepared in accordance with the modified cash basis of accounting, which require The Roys Report to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of The Roys Report's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Roys Report's or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, cash in banks and highly liquid investments, which readily convertible into cash within 90 days of purchase. The Roys Report's cash and cash equivalents in bank deposit accounts at highly rated financial institutions, the balances of which at times may exceed federally insured limits. The Roys Report has not experienced any losses in such accounts.

### **Investments**

Investments are reported at cost when purchased or at fair value when donated. Changes in fair value are not recorded under modified cash basis accounting. Gains and losses on investments are recognized as increases or decreases in net assets without donor restrictions only when the investments are sold, unless their use is restricted by explicit donor stipulation or by law.

Purchases and sales of securities are reflected when cash is received or paid. Gains and losses on sales of securities are based on the cash received from the sale and are recorded in the statements of activities in the period in which the securities are sold. Interest and dividends are recorded when cash is received.

THE ROYS REPORT NFP  
 (An Illinois Not-For-Profit Corporation)  
 STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
 MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

**ASSETS**

**CURRENT ASSETS**

Cash AND Cash Equivalents	\$ 168,496
Total Current Assets	168,496

Total Assets	\$ 168,496
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 3,621
Accrued Payroll and Related Expenses	2,505
Total Current Liabilities	6,126

**NET ASSETS**

Without donor restrictions	162,370
With donor restrictions	-
Total Net Assets	162,370
Total Liabilities and Net Assets	\$ 168,496

THE ROYS REPORT NFP  
(An Illinois Not-For-Profit Corporation)  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without donor restrictions	With donor restrictions	Total
<b>REVENUE AND PUBLIC SUPPORT</b>			
Conference Income	\$ 40,411	\$ -	\$ 40,411
Donation	278,684	-	278,684
Total Revenue and Public Support	<u>319,095</u>	<u>-</u>	<u>319,095</u>
<b>EXPENSES</b>			
Program Services	262,445	-	262,445
Fundraising	22,829	-	22,829
Management and General	25,816	-	25,816
Total Expenses	<u>311,090</u>	<u>-</u>	<u>311,090</u>
<b>CHANGE IN NET ASSETS</b>	8,005	-	8,005
Net Assets - Beginning of Year	<u>154,364</u>	<u>-</u>	<u>154,364</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 162,370</u>	<u>\$ -</u>	<u>\$ 162,370</u>

THE ROYS REPORT NFP  
(An Illinois Not-For-Profit Corporation)  
STATEMENT OF FUNCTIONAL EXPENSES  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
EXPENSES				
Advertising and Marketing	\$ 4,991	\$ -	\$ -	\$ 4,991
Bank and Merchant Fees	7,155	-	-	7,155
Charitable Contributions	4,000	-	-	4,000
Conference expenses	28,301	-	-	28,301
Travel	6,154	-	-	6,154
T-shirts and video production	1,460	-	-	1,460
Accounting fees	-	-	4,798	4,798
Administration	-	8,683	4,675	13,358
Content Management & Marketing	21,650	3,600	-	25,250
Fulfillment costs	-	2,678	-	2,678
Legal fees	22,105	-	-	22,105
Story leads	5,675	-	-	5,675
Website service	6,625	-	-	6,625
Writers	52,802	-	-	52,802
Donor premiums	-	4,040	-	4,040
Gifts	-	-	617	617
Insurance	-	-	12,593	12,593
Meals	15	-	-	15
Office Expenses	16,563	-	2,549	19,112
Shipping and postage	-	-	357	357
Wages and payroll taxes	72,733	3,828	-	76,561
Podcast Production	9,601	-	-	9,601
Republishing Licences	2,589	-	-	2,589
Supplies	-	-	27	27
Penalty	-	-	200	200
Parking & tolls	26	-	-	26
Total Expenses	<u>\$ 262,445</u>	<u>\$ 22,829</u>	<u>\$ 25,816</u>	<u>\$ 311,091</u>

See accompanying Notes to Financial Statements.

THE ROYS REPORT NFP  
(An Illinois Not-For-Profit Corporation)  
STATEMENT OF CASH FLOWS  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$	8,005
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Increase (decrease) in Credit cards liability		(887)
Increase (decrease) in due from affiliates		112,000
Increase (decrease) in Accrued payroll and related expenses		<u>(2,792)</u>
Net cash used by operating activities		<u>116,327</u>
 NET DECREASE IN CASH AND CASH EQUIVALENTS		 116,327
Cash and Cash Equivalents - Beginning of year		<u>52,169</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>		<b><u><u>\$ 168,496</u></u></b>
 Interest paid		 <u><u>\$ -</u></u>



**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising Costs**

Advertising costs are expensed as incurred and included \$4,991 during the year ended December 31, 2023.

**Functional expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated writing, publishing and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Grants	Time and effort
Salaries and benefits	Time and effort
Education and awareness	Time and effort
Occupancy	Square Footage
Professional services	Full Time Equivalent
Printing	Full Time Equivalent
Information technologies	Full Time Equivalent
Travel	Time and effort
Depreciation	Square Footage
Other	Time and effort

**Measure of operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to The Roys Report's ongoing performing art services and interest and dividends earned on investments, if any. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

**Long-Lived Asset Impairment**

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the year ended December 31, 2023.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Public Support and Revenue Recognition**

Public support and revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restriction unless their use is restricted by explicit donor stipulation or law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Contributions, including unconditional promises to give, are recorded when a commitment is received from the donor. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in subsequent years are reported at the present value of future cash flows, using rates applicable to the years in which the promises are to be received. Amortization of the discount to present value is included in contribution revenue. Promises to give noncash assets are recorded at fair value.

Endowment contributions are donor restricted in perpetuity. Investment earnings with donor restrictions are recorded in net assets with donor restriction based on the nature of the restrictions.

Revenue from government grants designated for use in specific activities are recognized in the period when expenditures have been incurred in compliance with the grantor's restrictions.

### **Use of estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

### **In-Kind Contributions and Donated Services**

The financial statements reflect amounts for in-kind contributions and donated services for which an objective basis is available to measure their value. Revenues are reflected in contributions and the expenses are recorded in the corresponding expense category in the accompanying statements of activities. The Roys Report had no in-kind contributions for the year ended December 31, 2023.

The Roys Report receives donated services from unpaid volunteers who have made contributions of their time to help execute the Organization's programs and activities. Volunteer services are recognized in the statements of activities if the criteria for recognition of those services have been met. Volunteer services were not required to be recognized for the years ended December 31, 2023.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income taxes**

The Roys Report is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Roys Report has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Roys Report has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. There was no unrelated business income for the years ended December 31, 2023.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2021, 2022, and 2023 are subject to examination by the IRS.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization's financial assets available for general expenditure within one year of the statement of financial position date of December 31, 2023, are as follows:

Financial assets at year-end:	
Cash and cash equivalents	<u>\$168,496</u>
Total financial assets	168,496
Total financial assets available to Management for general expenditure within one year	<u>\$168,496</u>

**NOTE 4 – COMMITMENTS AND CONTINGENCIES**

Support funded by government grants is recognized as the Organization expends the funds in accordance with the grant agreements. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time. Management does not anticipate any adjustments for the revenue in 2023.

**NOTE 5 – CONCENTRATIONS**

The financial statements have been prepared on the modified cash basis of accounting. Although this basis of accounting does not require all disclosures mandated by generally accepted accounting principles (GAAP), it is important to disclose information about current vulnerabilities due to certain concentrations. As of December 31, 2023, the Organization does not believe that it held cash in excess of federally insured limits.

**NOTE 6 – NET ASSETS**

Net assets without donor restrictions were as follows for the year ended December 31, 2023:

Designated for specific Purpose	\$ _____ -
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Net assets with donor restrictions for the year ended December 31, 2023 are as follows:

Undesignated	<u>\$162,369</u>
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**NOTE 7 – SUBSEQUENT EVENTS**

The Roys Report has evaluated subsequent events through October 30, 2024, which is the date the financial statements were available to be issued. The Roys Report is not aware of any material subsequent events.