

The Voice of The Martyrs Incorporated Association

Financial Statements

December 31, 2019 and 2018

(With Independent Auditor's Report Thereon)



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독립된 감사인의 감사보고서

사단법인 순교자의 소리

이사회 귀중

2020년 4월 21일

재무제표에 대한 보고

우리는 별첨된 사단법인 순교자의 소리의 재무제표를 감사하였습니다. 동 재무제표는 2019년 12월 31일과 2018년 12월 31일 현재의 재무상태표, 동일로 종료되는 양 보고기간의 손익계산서 및 현금흐름표 그리고 유의적 회계정책에 대한 요약과 그 밖의 설명정보로 구성되어 있습니다.

재무제표에 대한 경영진의 책임

경영진은 사단법인 순교자의 소리의 정관 및 일반적으로 인정된 회계원칙에 따라 이 재무제표를 작성하고 공정하게 표시할 책임이 있으며, 부정이나 오류로 인한 중요한 왜곡표시가 없는 재무제표를 작성하는데 필요하다고 결정한 내부통제에 대해서도 책임이 있습니다.

감사인의 책임

우리의 책임은 우리가 수행한 감사를 근거로 해당 재무제표에 대하여 의견을 표명하는데 있습니다. 우리는 한국회계감사기준에 따라 감사를 수행하였습니다. 이 기준은 우리가 윤리적 요구사항을 준수하며 재무제표에 중요한 왜곡표시가 없는지에 대한 합리적인 확신을 얻도록 감사를 계획하고 수행할 것을 요구하고 있습니다.

감사는 재무제표의 금액과 공시에 대한 감사증거를 입수하기 위한 절차의 수행을 포함합니다. 절차의 선택은 부정이나 오류로 인한 재무제표의 중요한 왜곡표시위험에 대한 평가 등 감사인의 판단에 따라 달라집니다. 감사인은 이러한 위험을 평가할 때 상황에 적합한 감사절차를 설계하기 위하여 법인의 재무제표 작성 및 공정한 표시와 관련된 내부통제를 고려합니다. 그러나 이는 내부통제의 효과성에 대한 의견을 표명하기 위한 것이 아닙니다. 감사는 또한 재무제표의 전반적 표시에 대한 평가뿐 아니라 재무제표를 작성하기 위하여 경영진이 적용한 회계정책의 적합성과 경영진이 도출한 회계추정치의 합리성에 대한 평가를 포함합니다.

우리가 입수한 감사증거가 감사의견을 위한 근거로서 충분하고 적합하다고 우리는 믿습니다.

감사의견

우리의 의견으로는 법인의 재무제표는 사단법인 순교자의 소리의 2019년 12월 31일과 2018년 12월 31일 현재의 재무상태, 동일로 종료되는 양 보고기간의 경영성과 그리고 현금흐름을 사단법인 순교자의 소리의 정관 및 일반적으로 인정된 회계원칙에 따라 중요성의 관점에서 공정하게 표시하고 있습니다.

서울특별시 강남구 역삼로 112 밀브리지홀 4층

가립회계법인 대표이사 박개성



이 감사보고서는 감사보고서일(2020년 04월 21일) 현재로 유효한 것입니다. 따라서 감사보고서일 이후 이 보고서를 열람하는 시점까지의 기간 사이에 첨부된 회사의 재무제표에 중대한 영향을 미칠 수 있는 사건이나 상황이 발생할 수도 있으며 이로 인하여 이 감사보고서가 수정될 수도 있습니다.



Garib Accounting Corporation

4th Fl. Milbridgehall. 112, Yuksam-Ro,

Kangnam-Gu, Seoul, Korea, 06252

Independent Auditor's Report

Board of Directors

The Voice of The Martyrs Incorporated Association

Seoul, Korea

We have audited the accompanying financial statements of The Voice of The Martyrs Incorporated Association in Korea ("the Association"), which comprise the Statement of Financial Position as of December 31, 2019 and 2018, the related Statement of Activity, Statement of Cash Flows for the years then ended, and the related notes, comprising a summary of significant accounting policies and other explanatory information.

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 Republic of Korea, and for such internal control as management determines is necessary to enable the preparation 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 audits. We conducted our audits in accordance with Korean Standards on Auditing. Those standards require that we comply with ethical requirements and 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 our 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, we consider 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 present fairly, in all material respects, the financial position of the Association as of December 31, 2019 and 2018, results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the Republic of Korea.

April 21, 2020

Gamb Accounting Corp.

This report is effective as of April 21, 2020, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

The Voice of The Martyrs Incorporated Association
Statement of Financial Position

As of December 31, 2019 and 2018

(Korean Won)

<u>Accounts</u>	<u>Notes</u>	<u>2019-12-31</u>	<u>2018-12-31</u>
Current Assets			
Cash and cash equivalents	4	156,011,890	115,350,927
Reimbursable		2,829,800	202,693
Other current assets		719,222	287,824
Total Current Assets		<u>159,560,912</u>	<u>115,841,444</u>
Non-Current Assets			
Leasehold deposits		180,200,000	190,000,000
Land	5	790,517,754	517,299,190
Buildings	5	279,025,731	124,474,295
Accumulated depreciation	5	(4,720,123)	(964,303)
Equipment	5	53,195,130	-
Accumulated depreciation	5	(13,948,105)	-
Total Non-Current Assets		<u>1,284,270,387</u>	<u>830,809,182</u>
Total Assets		<u><u>1,443,831,299</u></u>	<u><u>946,650,626</u></u>
Current Liabilities			
Non-trade payables	5	70,000,000	-
Withholdings		720,760	379,560
Current portion of long-term liabilities	6	32,761,011	32,004,918
Total Current Liabilities		<u>103,481,771</u>	<u>32,384,478</u>
Non-current Liabilities			
Long-term borrowings	6	261,253,951	294,055,969
Long-term non-trade payables	5	280,000,000	-
Total Non-current Liabilities		<u>541,253,951</u>	<u>294,055,969</u>
Total Liabilities		<u><u>644,735,722</u></u>	<u><u>326,440,447</u></u>
Net Asset			
Fundamental Property	10	327,500,000	327,500,000
Accumulated excess of revenues over expenses		471,595,577	292,710,179
Total Net Asset		<u>799,095,577</u>	<u>620,210,179</u>
Total Liabilities and Equity		<u><u>1,443,831,299</u></u>	<u><u>946,650,626</u></u>

See accompanying Notes to the Financial Statements

The Voice of The Martyrs Incorporated Association
Statement of Activity
For The Years Ended December 31, 2019 and 2018

(Korean Won)

<u>Accounts</u>	<u>Notes</u>	<u>2019</u>	<u>2018</u>
Revenue and support			
Project sponsorship and grants	7	2,271,753,781	1,944,899,139
Gains on Foreign Currency Transaction		13,152,748	11,513,646
Interest Revenues		347,548	463,482
Total revenue and support		<u>2,285,254,077</u>	<u>1,956,876,267</u>
Expenses			
Direct essential business expenses	8	950,947,351	887,794,037
Indirect essential business expenses	9	1,155,421,328	902,690,759
Total expenses		<u>2,106,368,679</u>	<u>1,790,484,796</u>
Change in net asset		<u><u>178,885,398</u></u>	<u><u>166,391,471</u></u>

See accompanying Notes to the Financial Statements

The Voice of The Martyrs Incorporated Association
Statement of Cash Flows
For The Years Ended December 31, 2019 and 2018

(Korean Won)

Description	2019	2018
Cash Flows From Operating Activities		
Cash generated from operations		
Change in net asset	178,885,398	166,391,471
Adjustments to reconcile profit (loss)	17,703,925	964,303
Depreciation expenses	17,703,925	964,303
Changes in operating assets and liabilities	357,082,695	(17,503,452)
Decrease (Increase) in Reimbursable	(2,627,107)	(202,693)
Decrease (Increase) in Prepaid income taxes	-	400,810
Decrease (Increase) in Other current assets	(431,398)	376,351
Decrease (Increase) in Leasehold deposits	9,800,000	(16,000,000)
Increase (Decrease) in Withholdings	341,200	(158,860)
Increase (Decrease) in Non-trade payables	350,000,000	-
Increase (Decrease) in Restricted grants	-	(1,919,060)
Net cash flows provided by operating activities	<u>553,672,018</u>	<u>149,852,322</u>
Cash Flows From Investing Activities		
Cash inflows from investing activities	-	-
Cash outflows from investing activities	(480,965,130)	(611,773,485)
Increase in Land	273,218,564	487,299,190
Increase in Buildings	154,551,436	124,474,295
Increase in Equipment	53,195,130	-
Net cash flows provided by investing activities	<u>(480,965,130)</u>	<u>(611,773,485)</u>
Cash Flows From Financing Activities		
Cash inflows from financing activities	-	340,000,000
Increase in Long-term borrowings	-	340,000,000
Cash outflows from financing activities	(32,045,925)	(13,939,113)
Decrease in Long-term borrowings	32,045,925	13,939,113
Net cash flows provided by financing activities	<u>(32,045,925)</u>	<u>326,060,887</u>
Net Increase (Decrease) in Cash and Cash Equivalents	40,660,963	(135,860,276)
Cash and Cash Equivalents at Beginning of The Year	115,350,927	251,211,203
Cash and Cash Equivalents at End of The Year	<u><u>156,011,890</u></u>	<u><u>115,350,927</u></u>

See accompanying Notes to the Financial Statements

The Voice of The Martyrs Incorporated Association
Notes to Financial Statements
For The Years Ended December 31, 2019 and 2018

1. Nature of Organization

Voice of the Martyrs Korea ("the Association") is dedicated to enabling today's Korean Christians both South and North, as well as Christian brothers and sisters from around the world with special connection to Korea, to remember the path of Christ's suffering love and to learn together how to walk in it well. The Association does this by listening closely to the voice of Jesus, and to those early Korean Christian martyrs and persecuted Christians around the world today who follow him no matter what, especially in North Korea. The Association partner and fellowship together with those who suffer for Christ not in pity or sadness or a desire to rescue them, but in the conviction that Christ's sacrificial love is the greatest treasure humans can receive from God and express in their own lives.

Voice of the Martyrs worldwide was founded in 1967 by Rev. Richard Wurmbrand, a Romanian pastor imprisoned and beaten for his faith by communist authorities for more than 13 years. Today, independent Voice of the Martyrs organizations in more than 20 countries carry on Rev. Wurmbrand's work, partnering with persecuted believers in more than 70 nations. The Rev. Dr. Eric Foley and Dr. Hyun Sook Foley founded Voice of the Martyrs Korea in 2003. It is legally registered in Korea as a Non-Governmental Organization, with Pastor Foley and Dr. Foley as co-representatives. It maintains its office in Seongbuk-gu, Seoul.

2. Basis of Preparation

(1) Statement of compliance

The Association maintains its official accounting records in Korean Won and prepares financial statements in Korean in accordance with accounting principles generally accepted in the Republic of Korea.

The accompanying financial statements are not intended to present the financial position, results of operations in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting principles and their application in practice.

3. Significant Accounting Policies

The significant accounting policies applied by the Association in preparation of its financial statements are included below.

(1) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Association considers investments with maturities of three months or less on acquisition date to be cash and cash equivalents.

(2) Property

Property is initially measured at cost. The cost of property includes the expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Significant expenditures or improvements extending the useful life of assets are capitalized. Normal maintenance and repairs are charged to expense as incurred.

Subsequent to initial recognition, an item of property is carried at its cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated.

Depreciation is computed using depreciation method over the estimated useful lives of the assets as follows:

Account	Depreciation method	Useful lives
Buildings	Straight-line method	40 years
Equipment	Declining balance method	5 years

Gains and losses on disposal of an item of property is determined by comparing the proceeds from disposal with the carrying amount of property and is recognized in profit or loss.

(3) Revenue and expense recognition

The Association's revenue and expense are recognized in the statement of revenues and expenditures based on cash basis.

4. Cash and Cash Equivalents

Cash and cash equivalents as of December 31, 2019 and 2018 are summarized as follows (in Korean won):

Account	2019-12-31	2018-12-31
Cash	66,555,711	68,661,997
Bank deposits	89,456,179	46,688,930
Total	156,011,890	115,350,927

5. Tangible assets

(1) Tangible assets as of December 31, 2019 and 2018 are summarized as follows (in Korean won):

Account	2019-12-31	2018-12-31
Land	790,517,754	517,299,190
Buildings	279,025,731	124,474,295
Accumulated depreciation	(4,720,123)	(964,303)
Equipment	53,195,130	-
Accumulated depreciation	(13,948,105)	-
Total	1,104,070,387	640,809,182

(2) Changes in tangible assets for the year ended December 31, 2019 are as follows (in Korean won):

Account	Book value as of Jan 1	Acquisitions	Other	Depreciation	Book value as of Dec 31
Land	517,299,190	273,218,564	-	-	790,517,754
Buildings	124,474,295	154,551,436	-	-	279,025,731
Accumulated depreciation	(964,303)	-	-	(3,755,820)	(4,720,123)
Equipment	-	53,195,130	-	-	53,195,130
Accumulated depreciation	-	-	-	(13,948,105)	(13,948,105)
Total	640,809,182	480,965,130	-	(17,703,925)	1,104,070,387

(3) Changes in property for the year ended December 31, 2018 are as follows (in Korean won):

Account	Book value as of Jan 1	Acquisitions	Other	Depreciation	Book value as of Dec 31
Land	-	487,299,190	30,000,000	-	517,299,190
Buildings	-	124,474,295	-	-	124,474,295
Accumulated depreciation	-	-	-	(964,303)	(964,303)
Acquisition in progress	30,000,000	-	(30,000,000)	-	-
Total	30,000,000	611,773,485	-	(964,303)	640,809,182

(4) The officially declared value of land at May 31, 2019, as announced by the Ministry of Land, Transport and Maritime Affairs, are as follows (in Korean won):

Account	Book value	The officially declared value
Land(KGS Home)	311,813,145	168,299,000
Land(Residence_Dillmuths)	205,486,045	76,250,094
Land(Jeju)	273,218,564	105,158,700
Total	790,517,754	349,707,794

(5) As of December 31, 2019, the Association provides property for its lender and has recognized 758,000,000 of a long-term provision for guarantees.

(6) In the current term, the Association entered into an installment payment agreement related to the Jeju property acquisition, and the remaining amount owed is recognized in non-trade payable.

6. Long-term borrowings

Long-term borrowings as of December 31, 2019 and 2018 are summarized as follows (in Korean won):

Lender	Annual interest rate	2019-12-31	2018-12-31
KB Kookmin Bank	3.50%	133,514,962	147,560,887
	3.71%	160,500,000	178,500,000
(Current portion)		(32,761,011)	(32,004,918)
Total		261,253,951	294,055,969

7. Project sponsorship and Grants

Project sponsorship and grants as of 2019 and 2018 are summarized as follows (in Korean won):

Account	2019	2018
Project sponsorship	2,050,212,935	1,603,269,593
Donations	147,323,787	276,944,290
Honoraria	8,930,200	5,070,800
Training / Consulting	58,210,000	53,235,211
Miscellaneous Income	7,076,859	6,379,245
Total	2,271,753,781	1,944,899,139

8. Direct Essential Business Expenses

Direct Essential Business Expenses as of 2019 and 2018 are summarized as follows (in Korean won):

Account	2019	2018
Labor (external)	135,522,548	155,597,862
Living Necessities	15,238,490	10,241,426
Medical	2,054,570	4,143,009
Printing	15,516,363	12,796,180
Production / Airtime	236,819,328	219,950,579
Project Supplies	377,969,998	338,236,108
Partner Facilities	32,570,989	19,502,290
Ship / Distribution	13,292,512	25,304,733
Travel	121,962,553	102,021,850
Total	950,947,351	887,794,037

9. Indirect Essential Business Expenses

Indirect Essential Business Expenses as of 2019 and 2018 are summarized as follows (in Korean won):

Account	2019	2018
Payroll	357,672,239	288,625,927
Employee Benefits	124,770,948	115,397,675
Housing	61,145,352	72,503,409
Severance	33,323,702	21,509,802
Depreciation expenses	17,703,925	964,303
Building	91,989,355	138,166,417
IT / Phone	72,879,506	65,234,201
Accounting	52,289,374	41,554,801
Professional	2,928,064	6,754,528
License & Permits	28,866	235,464
Meals & Entertainment	2,372,018	4,278,190
Office Supplies	5,673,842	5,604,974
Transportation / Auto / Travel	3,167,701	8,134,080
Wire / Bank Fees	118,259	17,804
Public Education and Awareness	63,643,863	31,879,256
Sponsorship (Outgoing)	239,037,793	76,236,339
CCFK Expense	1,500,000	2,000,000
ICA Expense	17,568,091	18,289,004

Account	2019	2018
KAICAM Expense	360,000	360,000
CMS	660,000	341,070
VanPro	369,505	396,000
Foreign Currency exchange loss	6,218,925	4,207,515
Total	1,155,421,328	902,690,759

10. Net Asset

Changes in Net Asset for the year ended December 31, 2019 and 2018 are as follows (in Korean won):

Account	Fundamental Property	Accumulated excess of revenues over expenses	Total
Balance at Jan 1, 2018	100,000,000	353,818,708	453,818,708
Increase in Fundamental Property	227,500,000	(227,500,000)	-
Change in net asset	-	166,391,471	166,391,471
Balance at Dec 31, 2018	327,500,000	292,710,179	620,210,179
Balance at Jan 1, 2019	327,500,000	292,710,179	620,210,179
Change in net asset	-	178,885,398	178,885,398
Balance at Dec 31, 2019	327,500,000	471,595,577	799,095,577