

The Voice of The Martyrs Incorporated Association

Financial Statements

December 31, 2020 and 2019

(With Independent Auditor's Report Thereon)



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**SHINSUNG Accounting Corporation**  
353, hyoryeong-ro, Seocho-gu, Seoul  
137-877, Korea

# 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, 2020 and 2019, 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, 2020 and 2019, 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, 2021 Shim Sung co.*

This report is effective as of April 21, 2021, 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, 2020 and 2019

(Korean Won)

<u>Accounts</u>	<u>Notes</u>	<u>2020-12-31</u>	<u>2019-12-31</u>
<b>Current Assets</b>			
Cash and cash equivalents	4	345,090,604	156,011,890
Reimbursable		(1,054,884)	2,829,800
Other current assets		5,972,747	719,222
Total Current Assets		<u>350,008,467</u>	<u>159,560,912</u>
<b>Non-Current Assets</b>			
Leasehold deposits		259,540,000	180,200,000
Land	5	790,517,754	790,517,754
Buildings	5	279,025,731	279,025,731
Accumulated depreciation	5	(11,695,764)	(4,720,123)
Equipment	5	53,195,130	53,195,130
Accumulated depreciation	5	(31,648,512)	(13,948,105)
Total Non-Current Assets		<u>1,338,934,339</u>	<u>1,284,270,387</u>
<b>Total Assets</b>		<u>1,688,942,806</u>	<u>1,443,831,299</u>
<b>Current Liabilities</b>			
Non-trade payables	5	-	70,000,000
Withholdings		1,008,960	720,760
Current portion of long-term liabilities	6	103,509,596	32,761,011
Total Current Liabilities		<u>104,518,556</u>	<u>103,481,771</u>
<b>Non-current Liabilities</b>			
Long-term borrowings	6	157,744,355	261,253,951
Long-term non-trade payables	5	210,000,000	280,000,000
Total Non-current Liabilities		<u>367,744,355</u>	<u>541,253,951</u>
<b>Total Liabilities</b>		<u>472,262,911</u>	<u>644,735,722</u>
<b>Net Asset</b>			
Fundamental Property	10	327,500,000	327,500,000
Accumulated excess of revenues over expenses		889,179,895	471,595,577
Total Net Asset		<u>1,216,679,895</u>	<u>799,095,577</u>
<b>Total Liabilities and Equity</b>		<u>1,688,942,806</u>	<u>1,443,831,299</u>

See accompanying Notes to the Financial Statements

**The Voice of The Martyrs Incorporated Association**  
**Statement of Activity**

For The Years Ended December 31, 2020 and 2019

(Korean Won)

<u>Accounts</u>	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>Revenue and support</b>			
Project sponsorship and grants	7	2,652,381,183	2,271,753,781
Gains on Foreign Currency Transaction		4,111,110	13,152,748
Interest Revenues		991,259	347,548
<b>Total revenue and support</b>		<u>2,657,483,552</u>	<u>2,285,254,077</u>
<b>Expenses</b>			
Direct essential business expenses	8	979,040,235	950,947,351
Indirect essential business expenses	9	1,260,858,999	1,155,421,328
<b>Total expenses</b>		<u>2,239,899,234</u>	<u>2,106,368,679</u>
<b>Change in net asset</b>		<u><u>417,584,318</u></u>	<u><u>178,885,398</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, 2020 and 2019

(Korean Won)

Description	2020	2019
<b>Cash Flows From Operating Activities</b>		
Cash generated from operations		
Change in net asset	417,584,318	178,885,398
Adjustments to reconcile profit (loss)	24,676,048	17,703,925
Depreciation expenses	24,676,048	17,703,925
Changes in operating assets and liabilities	(220,420,641)	357,082,695
Decrease (Increase) in Reimbursable	3,884,684	(2,627,107)
Decrease (Increase) in Other current assets	(5,253,525)	(431,398)
Decrease (Increase) in Leasehold deposits	(79,340,000)	9,800,000
Increase (Decrease) in Withholdings	288,200	341,200
Increase (Decrease) in Non-trade payables	(70,000,000)	350,000,000
Increase (Decrease) in Long-term non-trade payables	(70,000,000)	-
Net cash flows provided by operating activities	<u>221,839,725</u>	<u>553,672,018</u>
<b>Cash Flows From Investing Activities</b>		
Cash inflows from investing activities	-	-
Cash outflows from investing activities	-	(480,965,130)
Increase in Land	-	273,218,564
Increase in Buildings	-	154,551,436
Increase in Equipment	-	53,195,130
Net cash flows provided by investing activities	<u>-</u>	<u>(480,965,130)</u>
<b>Cash Flows From Financing Activities</b>		
Cash inflows from financing activities	-	-
Increase in Long-term borrowings	-	-
Cash outflows from financing activities	(32,761,011)	(32,045,925)
Decrease in Long-term borrowings	32,761,011	32,045,925
Net cash flows provided by financing activities	<u>(32,761,011)</u>	<u>(32,045,925)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	189,078,714	40,660,963
<b>Cash and Cash Equivalents at Beginning of The Year</b>	156,011,890	115,350,927
<b>Cash and Cash Equivalents at End of The Year</b>	<u><u>345,090,604</u></u>	<u><u>156,011,890</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, 2020 and 2019

**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, 2020 and 2019 are summarized as follows (in Korean won):

Account	2020-12-31	2019-12-31
Cash	137,526,145	66,555,711
Bank deposits	207,564,459	89,456,179
Total	345,090,604	156,011,890

## 5. Tangible assets

(1) Tangible assets as of December 31, 2020 and 2019 are summarized as follows (in Korean won):

Account	2020-12-31	2019-12-31
Land	790,517,754	790,517,754
Buildings	279,025,731	279,025,731
Accumulated depreciation	(11,695,764)	(4,720,123)
Equipment	53,195,130	53,195,130
Accumulated depreciation	(31,648,512)	(13,948,105)
Total	1,079,394,339	1,104,070,387

(2) Changes in tangible assets for the year ended December 31, 2020 are as follows (in Korean won):

Account	Book value as of Jan 1	Acquisitions	Other	Depreciation	Book value as of Dec 31
Land	790,517,754	-	-	-	790,517,754
Buildings	279,025,731	-	-	-	279,025,731
Accumulated depreciation	(4,720,123)	-	-	(6,975,641)	(11,695,764)
Equipment	53,195,130	-	-	-	53,195,130
Accumulated depreciation	(13,948,105)	-	-	(17,700,407)	(31,648,512)
Total	1,104,070,387	-	-	(24,676,048)	1,079,394,339

(3) Changes in property 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

(4) The officially declared value of land at May 31, 2020, 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	182,984,000
Land(Residence_Dillmuths)	205,486,045	80,534,270
Land(Jeju)	273,218,564	109,263,100
Total	790,517,754	372,781,370

(5) As of December 31, 2020, 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, 2020 and 2019 are summarized as follows (in Korean won):

Lender	Annual interest rate	2020-12-31	2019-12-31
KB Kookmin Bank	3.07%	118,753,951	133,514,962
	3.71%	142,500,000	160,500,000
(Current portion)		(103,509,596)	(32,761,011)
Total		157,744,355	261,253,951

## 7. Project sponsorship and Grants

Project sponsorship and grants as of 2020 and 2019 are summarized as follows (in Korean won):

Account	2020	2019
Project sponsorship	2,195,109,707	2,050,212,935
Donations	373,746,332	147,323,787
Honoraria	3,300,000	8,930,200
Training / Consulting	75,146,593	58,210,000
Miscellaneous Income	5,078,551	7,076,859
Total	2,652,381,183	2,271,753,781

## 8. Direct Essential Business Expenses

Direct Essential Business Expenses as of 2020 and 2019 are summarized as follows (in Korean won):

Account	2020	2019
Labor (external)	249,570,918	135,522,548
Living Necessities	25,515,134	15,238,490
Medical	1,198,231	2,054,570
Printing	33,862,840	15,516,363
Production / Airtime	239,528,013	236,819,328
Project Supplies	375,028,410	377,969,998
Partner Facilities	1,031,880	32,570,989
Ship / Distribution	23,264,141	13,292,512
Travel	30,040,668	121,962,553
Total	979,040,235	950,947,351

## 9. Indirect Essential Business Expenses

Indirect Essential Business Expenses as of 2020 and 2019 are summarized as follows (in Korean won):

Account	2020	2019
Payroll	351,722,965	357,672,239
Employee Benefits	129,724,191	124,770,948
Housing	71,316,524	61,145,352
Severance	30,419,605	33,323,702
Depreciation expenses	24,676,048	17,703,925
Building	105,614,739	91,989,355
IT / Phone	84,308,571	72,879,506
Accounting	52,407,210	52,289,374
Professional	23,756,550	2,928,064
License & Permits	37,835	28,866
Meals & Entertainment	2,704,370	2,372,018
Office Supplies	5,711,999	5,673,842
Transportation / Auto / Travel	2,863,751	3,167,701
Wire / Bank Fees	83,791	118,259
Public Education and Awareness	150,300,933	63,643,863
Sponsorship (Outgoing)	216,857,042	239,037,793
CCFK Expense	1,500,000	1,500,000
ICA Expense	4,168,800	17,568,091

Account	2020	2019
KAICAM Expense	360,000	360,000
CMS	660,000	660,000
VanPro	1,663,234	369,505
Foreign Currency exchange loss	-	6,218,925
Others	841	-
Total	1,260,858,999	1,155,421,328

#### 10. Net Asset

Changes in Net Asset for the year ended December 31, 2020 and 2019 are as follows (in Korean won):

Account	Fundamental Property	Accumulated excess of revenues over expenses	Total
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
Balance at Jan 1, 2020	327,500,000	471,595,577	799,095,577
Change in net asset	-	417,584,318	417,584,318
Balance at Dec 31, 2020	327,500,000	889,179,895	1,216,679,895

# 독립된 감사인의 감사보고서

사단법인 순교자의 소리

이사회 귀중

2021년 4월 21일

## 재무제표에 대한 보고

우리는 별첨된 사단법인 순교자의 소리의 재무제표를 감사하였습니다. 동 재무제표는 2020년 12월 31일과 2019년 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 2020년 12월 31일과 2019년 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 서초구 효령로 353



신성회계법인 대표이사 조남석

이 감사보고서는 감사보고서일(2021년 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.