

**The Voice of The Martyrs Incorporated Association
Financial Statements**

December 31, 2022 and 2021

(With Independent Auditor's Report Thereon)



The Voice of The Martyrs Incorporated Association
For the year ended December 31, 2022 and 2021

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Independent Auditors' 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, 2022 and 2021 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.

Auditors' 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, 2022 and 2021 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 19, 2023

Hanl accounting Corporation

Hanl Accounting Corp.
Seoul, Korea

This audit report is effective as of April 19, 2023, the independent auditors' report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this audit report is used. Such events and circumstances could significantly affect the accompanying financial statements and may result in modifications to this report.

The Voice of The Martyrs Incorporated Association
Statement of financial position
as of December 31, 2022, 2021
(Korean won in units)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Assets			
Current assets			
Cash and cash equivalents	4	1,116,866,257	398,775,443
Advance payments		-	73,711,872
Prepaid income taxes		-	121,880
		<u>1,116,866,257</u>	<u>472,609,195</u>
Non-current assets			
Leasehold deposits		247,361,000	268,320,000
Land	5	959,637,162	959,637,162
Buildings	5	572,753,133	572,753,133
Accumulated depreciation	5	(35,443,696)	(21,124,870)
Vehicles	5	162,215,897	91,408,287
Accumulated depreciation	5	(26,883,992)	(8,561,436)
Equipment	5	112,635,120	57,005,530
Accumulated depreciation	5	(70,060,699)	(41,728,384)
		<u>1,922,213,925</u>	<u>1,877,709,422</u>
Total assets		<u><u>3,039,080,182</u></u>	<u><u>2,350,318,617</u></u>
Liabilities and equity			
Current liabilities			
Non-trade payables		70,000,000	-
Withholdings		16,884,290	4,262,040
Current portion of long-term liabilities	6	33,573,527	103,925,441
		<u>120,457,817</u>	<u>108,187,481</u>
Non-current liabilities			
Long-term borrowings	6	160,597,301	193,818,914
Long-term non-trade payables	5	-	70,000,000
		<u>160,597,301</u>	<u>263,818,914</u>
Total liabilities		<u><u>281,055,118</u></u>	<u><u>372,006,395</u></u>
Net Asset			
Fundamental property	10	327,500,000	327,500,000
Accumulated excess of revenues over expenses	10	2,430,525,064	1,650,812,222
Total net asset		<u><u>2,758,025,064</u></u>	<u><u>1,978,312,222</u></u>
Total liabilities and equity		<u><u>3,039,080,182</u></u>	<u><u>2,350,318,617</u></u>

The notes are an integral part of the financial statements

The Voice of The Martyrs Incorporated Association
Statement of activity
For the year ended December 31, 2022, 2021
(Korean won in units)

	Notes	2022	2021
Revenue and support			
Project sponsorship and grants	7	3,764,607,041	3,244,757,054
Gains on foreign currency transaction		-	6,839,883
Interest revenues		1,110,144	1,121,484
		<u>3,765,717,185</u>	<u>3,252,718,421</u>
Expenses			
Direct essential business expenses	8	1,615,693,065	718,693,418
Indirect essential business expenses	9	1,411,662,226	1,789,981,840
		<u>3,027,355,291</u>	<u>2,508,675,258</u>
Non-operating income			
Gains on foreign currency translation		75,553,472	19,259,829
Gains on insurance settlements		25,734,800	-
Miscellaneous revenues		10	-
		<u>101,288,282</u>	<u>19,259,829</u>
Non-operating expenses			
Loss on foreign currency translation		32,597,879	1,670,665
Loss on disposition of tangible assets		27,339,455	-
		<u>59,937,334</u>	<u>1,670,665</u>
Change in net asset		<u><u>779,712,842</u></u>	<u><u>761,632,327</u></u>

The notes are an integral part of the financial statements

The Voice of The Martyrs Incorporated Association
Statement of cash flows
For the year ended December 31, 2022, 2021
(Korean won in units)

	2022	2021
Cash flows from operating activities		
Change in net asset	779,712,842	761,632,327
Non-cash adjustment to reconcile net loss to net cash flows		
Depreciation	65,658,112	28,070,414
Loss on disposition of tangible assets	27,339,455	-
	<u>92,997,567</u>	<u>28,070,414</u>
Changes in operating assets and liabilities		
Reimbursable	-	(1,054,884)
Advance payments	73,711,872	(73,711,872)
Prepaid income taxes	121,880	(121,880)
Other current assets	-	5,972,747
Leasehold deposits	20,959,000	(8,780,000)
Withholdings	12,622,250	3,253,080
Long-term non-trade payables	(70,000,000)	(70,000,000)
	<u>37,415,002</u>	<u>(144,442,809)</u>
Net cash flows provided by operating activities	<u>910,125,411</u>	<u>645,259,932</u>
Cash flows from investing activities		
Cash inflows from investing activities	1,400,000	-
Decrease in equipment	1,400,000	-
Cash outflows from investing activities	(159,861,070)	(558,065,497)
Increase in land	-	169,119,408
Increase in buildings	-	293,727,402
Increase in vehicles	102,211,080	91,408,287
Increase in equipment	57,649,990	3,810,400
Net cash flows provided by investing activities	<u>(158,461,070)</u>	<u>(558,065,497)</u>
Cash flows from financing activities		
Cash inflows from financing activities	-	173,509,596
Increase in current portion of long-term liabilities	-	70,000,000
Increase in long-term borrowings	-	103,509,596
Cash outflows from financing activities	(33,573,527)	(207,019,192)
Decrease in long-term borrowings	-	207,019,192
Decrease in current portion of long-term liabilities	33,573,527	-
Net cash flows provided by financing activities	<u>(33,573,527)</u>	<u>(33,509,596)</u>
Net increase in cash and cash equivalents	718,090,814	53,684,839
Cash and cash equivalents at beginning of the year	398,775,443	345,090,604
Cash and cash equivalents at end of the year	<u>1,116,866,257</u>	<u>398,775,443</u>

The notes are an integral part of the financial statements

The Voice of The Martyrs Incorporated Association
Notes to Financial Statements
For The Years Ended December 31, 2022 and 2021

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 partners and fellowships 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 the Rev. 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. Summary of 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
Vehicles	Straight-line method	5 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, 2022, 2021 are as follows :

(In Korean won)

Account	2022-12-31	2021-12-31
Cash	128,238,918	118,910,774
Bank deposits	988,627,339	279,864,669
Total	1,116,866,257	398,775,443

5. Tangible assets

(1) Tangible assets as of December 31, 2022 and 2021 are summarized as follows :

(In Korean won)

Account	2022-12-31	2021-12-31
Land	959,637,162	959,637,162
Buildings	572,753,133	572,753,133
Accumulated depreciation	(35,443,696)	(21,124,870)
Vehicles	162,215,897	91,408,287
Accumulated depreciation	(26,883,992)	(8,561,436)
Equipment	112,635,120	57,005,530
Accumulated depreciation	(70,060,699)	(41,728,384)
Total	1,674,852,925	1,609,389,422

(2) Changes in tangible assets for the year ended December 31, 2022 are as follows :

(In Korean won)

Account	Book value as of Jan 1	Acquisition	Disposition	Depreciation	Book value as of Dec 31
Land	959,637,162	-	-	-	959,637,162
Buildings	572,753,133	-	-	-	572,753,133
Accumulated depreciation	(21,124,870)	-	-	(14,318,826)	(35,443,696)
Vehicles	91,408,287	102,211,080	(31,403,470)	-	162,215,897
Accumulated depreciation	(8,561,436)	-	4,187,128	(22,509,684)	(26,883,992)
Equipment	57,005,530	57,649,990	(2,020,400)	-	112,635,120
Accumulated depreciation	(41,728,384)	-	497,287	(28,829,602)	(70,060,699)
Total	1,609,389,422	159,861,070	(28,739,455)	(65,658,112)	1,674,852,925

(3) Changes in tangible assets for the year ended December 31, 2021 are as follows :

(In Korean won)

Account	Book value as of Jan 1	Acquisition	Disposition	Depreciation	Book value as of Dec 31
Land	790,517,754	169,119,408	-	-	959,637,162
Buildings	279,025,731	293,727,402	-	-	572,753,133
Accumulated depreciation	(11,695,764)	-	-	(9,429,106)	(21,124,870)
Vehicles	-	91,408,287	-	-	91,408,287
Accumulated depreciation	-	-	-	(8,561,436)	(8,561,436)
Equipment	53,195,130	3,810,400	-	-	57,005,530
Accumulated depreciation	(31,648,512)	-	-	(10,079,872)	(41,728,384)
Total	1,079,394,339	558,065,497	-	(28,070,414)	1,609,389,422

(4) The officially declared value of land at May 31, 2022, 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	218,762,000
Land(Residence Dillmuths)	205,486,045	94,251,872
Land(Jeju)	273,218,564	130,612,600
Land(Residence FMH)	169,119,408	125,724,890
Total	959,637,162	569,351,362

(5) 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, 2022 and 2021 are as follows :

(In Korean won)

Lender	Annual interest rate	2022-12-31	2021-12-31
KB Kookmin Bank	3.40%	87,670,828	118,753,951
	7.24%	106,500,000	142,500,000
(Current portion)		(33,573,527)	(33,925,441)
Total		160,597,301	193,818,914

7. Project sponsorship and Grants

Project sponsorship and grants as of 2022 and 2021 are as follows :

(In Korean won)

Account	2022	2021
Project sponsorship	3,084,377,741	2,609,038,424
Donations	597,900,346	536,413,940
Honoraria	14,151,000	11,050,000
Training / Consulting	60,139,024	81,739,734
Miscellaneous Income	8,038,930	6,514,956
Total	3,764,609,063	3,244,757,054

8. Direct Essential Business Expenses

Direct Essential Business Expenses as of 2022 and 2021 are as follows :

(In Korean won)

Account	2022	2021
Labor (external)	15,962,000	81,795,460
Living Necessities	136,690,505	62,990,037
Medical	1,618,290	1,538,930
Production / Airtime	480,087,797	186,404,941
Project Supplies	670,964,631	317,751,532
Partner Facilities	10,140,028	1,600,000
Ship / Distribution	17,359,600	1,215,050
Travel	-	49,062,250
NK Ministry (general)	-	16,335,218
Variable Sponsorship	277,620,792	-
Fixed Sponsorship	5,249,422	-
Total	1,615,693,065	718,693,418

9. Indirect Essential Business Expenses

Indirect Essential Business Expenses as of 2022 and 2021 are summarized as follows :

(In Korean won)

Account	2022	2021
Payroll	503,116,802	512,879,016
Employee Benefits	93,125,387	100,921,713
Housing	87,581,515	84,350,568
Severance	45,667,394	35,843,014
Depreciation expenses	65,658,112	28,070,414
Building	164,034,904	198,742,105
IT / Phone	99,652,733	77,168,276
Accounting	44,899,880	23,607,380
Professional	6,143,297	25,543,651
License & Permits	86,890	106,300
Meals & Entertainment	2,319,730	1,547,040
Office Supplies	8,950,104	8,915,199
Transportation / Auto / Travel	-	2,722,987
Wire / Bank Fees	1,637,463	217,706
Public Education and Awareness	150,984,984	157,007,495
Sponsorship (Outgoing)	-	522,149,327
CCFK Expense	1,500,000	1,500,000
ICA Expense	6,251,730	3,951,000
KAICAM Expense	360,000	360,000
CMS	660,000	660,000
Donation Processing Svc	5,154,794	3,718,619
General Shipping	205,360	-
Transportation-Travel	104,254,984	-
Vehicle maintenance	10,661,456	-
Transportation-Fuel	4,786,107	-
Transportation-Fees	3,968,600	-
Others	-	30
Total	1,411,662,226	1,789,981,840

10. Net Asset

Changes in Net Asset for the year ended December 31, 2022 and 2021 are as follows :

(In Korean won)

Account	Fundamental Property	Accumulated excess of revenues over expenses	Total
Balance at Jan 1, 2021	327,500,000	889,179,895	1,216,679,895
Change in net asset	-	761,632,327	761,632,327
Balance at Dec 31, 2021	327,500,000	1,650,812,222	1,978,312,222
Balance at Jan 1, 2022	327,500,000	1,650,812,222	1,978,312,222
Change in net asset	-	779,712,842	779,712,842
Balance at Dec 31, 2022	327,500,000	2,430,525,064	2,758,025,064

11. Payment Guarantee

Guarantees provided to the Association from others as of December 31, 2022 are as follows :

(In Korean won)

Provided by	Warranty details	Execution amount
Seoul Guarantee Insurance.	CMS contract guarantee, etc.	18,240,000
Korea Housing & Urban Guarantee Corporation	Leasehold deposits	30,000,000

12. Assets provided as collaterals

Assets provided as collaterals for the Association's liabilities as of December 31, 2022 are as follows :

(In Korean won)

Collaterals	Secured creditors	Coverage	Borrowed amount
Land & Buildings	KB Kookmin Bank	408,000,000	194,170,828

독립된 감사인의 감사보고서

사단법인 순교자의 소리

이사회 귀중

2023년 4월 19일

감사의견

우리는 별첨된 사단법인 순교자의 소리의 재무제표를 감사하였습니다. 동 재무제표는 2022년 12월 31일과 2021년 12월 31일 현재의 재무상태표, 동일로 종료되는 양 보고기간의 손익계산서 및 현금흐름표 그리고 유의적 회계정책에 대한 요약과 그 밖의 설명정보로 구성되어 있습니다.

우리의 의견으로는 첨부된 재무제표는 사단법인 순교자의 소리의 2022년 12월 31일과 2021년 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.

감사의견근거

우리는 대한민국의 회계감사기준에 따라 감사를 수행하였습니다. 이 기준에 따른 우리의 책임은 이 감사보고서의 재무제표감사에 대한 감사인의 책임 단락에 기술되어 있습니다. 우리는 재무제표감사와 관련된 대한민국의 윤리적 요구사항에 따라 사단법인 순교자의 소리로부터 독립적이며, 그러한 요구사항에 따른 기타의 윤리적 책임을 이행하였습니다. 우리가 입수한 감사증거가 감사의견을 위한 근거로서 충분하고 적합하다고 우리는 믿습니다.

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.

재무제표감사에 대한 감사인의 책임

우리의 목적은 사단법인 순교자의 소리의 재무제표에 전체적으로 부정이나 오류로 인한 중요한 왜곡표시가 없는지에 대하여 합리적인 확신을 얻어 우리의 의견이 포함된 감사보고서를 발행하는데 있습니다. 합리적인 확신은 높은 수준의 확신을 의미하나, 감사기준에 따라수행된 감사가 항상 중요한 왜곡표시를 발견한다는 것을 보장하지는 않습니다. 왜곡표시는 부정이나 오류로부터 발생할 수 있으며, 왜곡표시가 재무제표를 근거로 하는 이용자의 경제적 의사결정에 개별적으로 또는 집합적으로 영향을 미칠 것이 합리적으로 예상되면, 그 왜곡표시는 중요하다고 간주됩니다.

감사기준에 따른 감사의 일부로서 우리는 감사의 전 과정에 걸쳐 전문가적 판단을 수행하고 전문가적 의구심을 유지하고 있습니다. 또한, 우리는:

- 부정이나 오류로 인한 재무제표의 중요왜곡표시위험을 식별하고 평가하며 그러한 위험에 대응하는 감사절차를 설계하고 수행합니다. 그리고 감사의견의 근거로서 충분하고 적합한 감사증거를 입수합니다. 부정은 공모, 위조, 의도적인 누락, 허위진술 또는 내부통제 무력화가 개입될 수 있기 때문에 부정으로 인한 중요한 왜곡표시를 발견하지 못할 위험은 오류로 인한 위험보다 큽니다.
- 상황에 적합한 감사절차를 설계하기 위하여 감사와 관련된 내부통제를 이해합니다. 그러나 이는 내부통제의 효과성에 대한 의견을 표명하기 위한 것이 아닙니다.
- 재무제표를 작성하기 위하여 경영진이 적용한 회계정책의 적합성과 경영진이 도출한 회계추정치와 합리성에 대하여 평가합니다.
- 재무제표의 전반적인 표시와 구조 및 내용을 평가하고, 재무제표의 기초가 되는 거래와 사건을 재무제표가 공정한 방식으로 표시하고 있는지 여부를 평가합니다.

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하늘회계법인 대표이사 남 영 우

이 감사보고서는 감사보고서일 현재로 유효한 것입니다. 따라서 감사보고서일 후 이 보고서를 열람하는 시점 사이에 첨부된 회사의 재무제표에 중요한 영향을 미칠 수 있는 사건이나 상황이 발생할 수도 있으며 이로 인하여 이 감사보고서가 수정될 수도 있습니다.