

**THE VOICE OF THE MARTYRS, INC.**

Financial Statements

Year Ended December 31, 2019

With Comparative Information

as of December 31, 2018

With Independent Auditor's Report

**THE VOICE OF THE MARTYRS, INC.**

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## Independent Auditor's Report

Board of Directors  
The Voice of the Martyrs, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Voice of the Martyrs, Inc., (the "Ministry"), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

### **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 United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 the auditor's 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, the auditor considers 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 referred to above presents fairly, in all material respects, the financial position of The Voice of the Martyrs, Inc. as of December 31, 2019, and the changes in its net assets, cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Effect of Adopting New Accounting Standard**

As discussed in Note 1, the Ministry adopted the Financial Accounting Standards Board's Accounting Standards updated ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) as of and for the year ended December 31, 2019. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited The Voice of the Martyrs, Inc.'s 2018 financial statements, and our report dated April 24, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

MORSE & CO., PLLC

Tulsa, Oklahoma

May 6, 2020

**THE VOICE OF THE MARTYRS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
**(With Comparative Totals for 2018)**

<b>ASSETS</b>		2019	2018
<b>Current assets</b>			
Cash and cash equivalents		\$ 13,655,061	\$ 15,290,784
Cash held for donor-restricted ministry purposes		2,761,094	3,300,037
Accounts receivable, net of an allowance of \$1,500 in 2019 and \$2,695 in 2018.		296,320	395,596
Pledge receivable		557,122	-
Prepaid expenses		892,455	559,914
Inventory		786,790	1,055,736
Notes receivable, current portion		-	5,947
Short-term investments		6,436,104	6,000,753
Land and buildings - held for sale, net		-	703,400
<b>Total current assets</b>		<b>25,384,946</b>	<b>27,312,167</b>
<b>Noncurrent assets</b>			
Notes receivable		-	41,133
Investments		1,995,513	1,749,903
Other assets		845,541	586,959
Property and equipment - held for use, net		24,126,132	24,714,576
<b>Total noncurrent assets</b>		<b>26,967,186</b>	<b>27,092,571</b>
<b>Total assets</b>		<b>\$ 52,352,132</b>	<b>\$ 54,404,738</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current liabilities</b>			
Accounts payable		\$ 741,889	\$ 1,323,917
Accrued expenses		753,653	666,753
Deferred revenue		1,520	-
Planned giving agreements, current portion		70,970	78,474
Donor commitments, current portion		20,542	20,542
<b>Total current liabilities</b>		<b>1,588,574</b>	<b>2,089,686</b>
<b>Noncurrent liabilities</b>			
Planned giving agreements		1,456,314	1,419,526
Donor commitments		170,301	159,769
<b>Total noncurrent liabilities</b>		<b>1,626,615</b>	<b>1,579,295</b>
<b>Total liabilities</b>		<b>3,215,189</b>	<b>3,668,981</b>
<b>Net assets</b>			
Without donor restriction			
Undesignated		28,165,179	30,906,200
Board designated for persecution response		8,979,309	7,357,617
Board designated for contingent operating expenses		7,235,848	7,422,000
Board designated for charitable gift annuities		1,995,513	1,749,903
With donor restriction		2,761,094	3,300,037
<b>Total net assets</b>		<b>49,136,943</b>	<b>50,735,757</b>
<b>Total liabilities and net assets</b>		<b>\$ 52,352,132</b>	<b>\$ 54,404,738</b>

See independent auditor's report and accompanying notes to financial statements.

**THE VOICE OF THE MARTYRS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2019**  
**(With Comparative Totals for 2018)**

	2019			2018
	Without Donor Restriction	With Donor Restriction	Total	Total
Support and revenue				
Contributions and bequests	\$ 33,113,219	\$ 24,238,566	\$ 57,351,785	\$ 57,285,378
Contributions in-kind	-	71,100	71,100	292,541
Ministry related resources	682,889	-	682,889	808,461
Investment income (loss), net	613,645	-	613,645	(248,378)
Interest income	186,976	-	186,976	172,935
Impairment loss on fixed assets	-	-	-	(141,275)
Gain (loss) on sale of fixed assets	80,949	-	80,949	71,925
Other income	89,903	-	89,903	75,109
Total support and revenue	<u>34,767,581</u>	<u>24,309,666</u>	<u>59,077,247</u>	<u>58,316,696</u>
Reclassifications				
Satisfaction of program restrictions	<u>24,848,609</u>	<u>(24,848,609)</u>	<u>-</u>	<u>-</u>
Expenses				
Program services				
Persecution response, Bibles and front-line ministry	35,273,223	-	35,273,223	36,520,784
Fellowship and inspiration	16,142,421	-	16,142,421	14,403,413
Supporting activities				
General and administrative	6,404,151	-	6,404,151	6,793,980
Fundraising	2,856,266	-	2,856,266	2,455,654
Total expenses	<u>60,676,061</u>	<u>-</u>	<u>60,676,061</u>	<u>60,173,831</u>
Increase (decrease) in net assets	(1,059,871)	(538,943)	(1,598,814)	(1,857,135)
Net assets, beginning of year	<u>47,435,720</u>	<u>3,300,037</u>	<u>50,735,757</u>	<u>52,592,892</u>
Net assets, end of year	<u>\$ 46,375,849</u>	<u>\$ 2,761,094</u>	<u>\$ 49,136,943</u>	<u>\$ 50,735,757</u>

See independent auditor's report and accompanying notes to financial statements.

**THE VOICE OF THE MARTYRS, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(With Comparative Totals for 2018)**

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (1,598,814)	\$ (1,857,135)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	1,581,223	1,698,483
Change in allowance for doubtful accounts	(1,195)	-
Forgiveness of note receivable	47,080	-
Unrealized investment (gains) losses	(374,043)	508,768
Dividends and interest	(239,593)	(260,389)
Impairment loss on fixed assets	-	141,275
(Gain) loss on disposal of fixed assets	(80,949)	(71,925)
Stock contributions	(467,328)	(378,352)
Changes in assets and liabilities:		
Accounts receivable	100,471	(163,977)
Pledge receivable	(557,122)	-
Prepaid expenses	(332,541)	156,822
Inventory	268,946	879,396
Other assets	(258,582)	(357,353)
Accounts payable	(582,028)	446,413
Accrued expenses	86,900	58,014
Deferred revenue	1,520	-
Net cash provided by (used for) operating activities	<u>(2,406,055)</u>	<u>800,040</u>
Cash flows from investing activities		
Payments received on notes receivable	-	5,715
Purchases of property and equipment	(1,001,479)	(678,648)
Purchases of investments	(363,988)	(374,044)
Proceeds from sale of investments	763,991	610,772
Proceeds from sale of property and equipment	793,049	71,925
Net cash provided by (used for) investing activities	<u>191,573</u>	<u>(364,280)</u>
Cash flows from financing activities		
Changes in planned giving agreements	29,284	45,483
Change in donor commitments	10,532	(36,794)
Net cash provided by (used for) financing activities	<u>39,816</u>	<u>8,689</u>
Change in cash and cash equivalents	(2,174,666)	444,449
Cash and cash equivalents at beginning of year	<u>18,590,821</u>	<u>18,146,372</u>
Cash and cash equivalents at end of year	<u>\$ 16,416,155</u>	<u>\$ 18,590,821</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 50,293</u>	<u>\$ 45,439</u>

See independent auditor's report and accompanying notes to financial statements.

**THE VOICE OF THE MARTYRS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**  
**(With Comparative Totals for 2018)**

	2019					2018		
	Persecution Response, Bibles, and Front-Line Ministry	Fellowship and Inspiration	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	Total	Total
Foreign aid	\$ 29,471,230	\$ 41,411	\$ 29,512,641	\$ -	\$ -	\$ -	\$ 29,512,641	\$ 32,144,575
Staffing and benefits	3,617,921	3,193,754	6,811,675	2,812,372	484,285	3,296,657	10,108,332	9,322,514
Advertising	-	3,454,145	3,454,145	543,199	710,641	1,253,840	4,707,985	4,387,648
Printing and production	12,238	2,584,448	2,596,686	404,783	395,470	800,253	3,396,939	2,907,339
Postage	12,087	2,618,120	2,630,207	464,709	471,226	935,935	3,566,142	2,864,747
Depreciation	265,712	903,474	1,169,186	276,001	136,036	412,037	1,581,223	1,698,483
Contract services	211,293	859,446	1,070,739	322,479	117,373	439,852	1,510,591	1,209,818
Office expense	222,869	943,015	1,165,884	467,118	333,223	800,341	1,966,225	2,129,126
International operations	1,328,741	10,125	1,338,866	-	-	-	1,338,866	833,748
Bank fees	-	-	-	652,653	-	652,653	652,653	593,228
Occupancy cost	124,778	375,184	499,962	141,161	57,429	198,590	698,552	653,214
Other	6,354	1,159,299	1,165,653	319,676	150,583	470,259	1,635,912	1,429,391
<b>Total expenses</b>	<b>\$ 35,273,223</b>	<b>\$ 16,142,421</b>	<b>\$ 51,415,644</b>	<b>\$ 6,404,151</b>	<b>\$ 2,856,266</b>	<b>\$ 9,260,417</b>	<b>\$ 60,676,061</b>	<b>\$ 60,173,831</b>
As a percentage of total expenses	58.13%	26.60%	84.74%	10.55%	4.71%	15.26%	100.00%	

See independent auditor's report and accompanying notes to financial statements.



**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(With Comparative Totals for 2018)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Organization***

The Voice of the Martyrs, Inc. (The Ministry) is a not-for-profit ministry whose five main purposes are based on Hebrews 13:3:

1. To encourage and empower Christians to fulfill the Great Commission in areas of the world where they are persecuted for sharing the gospel of Jesus Christ.
2. To provide practical relief and spiritual support to the families of Christian martyrs.
3. To equip persecuted Christians to love and win to Christ those who are opposed to the gospel in their part of the world.
4. To undertake projects of encouragement, helping believers rebuild their lives and Christian witness in countries where they have formerly suffered oppression.
5. To promote the fellowship of all believers by informing the world of the faith and courage of persecuted Christians, thereby inspiring believers to a deeper level of commitment to Christ and involvement in His Great Commission.

The Voice of the Martyrs was founded in 1967 by Pastor Richard Wurmbrand, who spent a total of 14 years in communist prisons in Romania for his Christian witness. When he and his family were ransomed to the West for \$10,000, he traveled the world, sharing his story and awakening the free world to Christian persecution worldwide. In so doing, he encouraged Christians in free countries to remember their persecuted Christian family (Heb. 13:3). The Ministry continues in this mission today. We provide help to those persecuted or in prison for their faith, give Bibles to Christians in countries where they are illegal or extremely difficult to obtain, equip local believers in hostile countries to share the gospel, and tell their stories to Christians in the U.S. in order to bring them into fellowship with their persecuted brothers and sisters in Christ.

The Voice of the Martyrs, Inc. is a 501(c)(3) exempt organization that has been classified as a mission society. Under Treasury regulation section 1.6033-2(g)(1)(iv), a mission society affiliated with or sponsored by one or more churches or church denominations and with more than one-half of the activities of such society conducted in, and directed at persons in foreign countries, is not required by the Internal Revenue Service to complete and file Form 990.

***What We Do***

Serve persecuted Christians through practical and spiritual assistance and lead other members of the body of Christ into fellowship with them.

Total number of individuals employed	149
Total number of volunteers	2,362

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(With Comparative Totals for 2018)**

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

***Basis of Accounting***

The accompanying financial statements of the Ministry are prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America (GAAP). Net assets are classified in the financial statements based on the existence or absence of donor-imposed restrictions, as follows:

***Net Assets Without Donor Restriction***

Net assets currently available at the discretion of the Board of Directors for use in the Ministry's mission projects and for operations.

***Net Assets With Donor Restriction***

Net assets which are restricted by donors for a particular purpose. When a donor's restriction is satisfied by using the resources in the manner specified by the donor, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from with donor restrictions to without donor restrictions.

***Revenue Recognition***

Contributions are recorded when the donor makes a promise to give to the Ministry that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. All contributions are considered without donor restrictions unless specifically restricted by the donor or subject to other legal restrictions.

Prior to the adoption of Topic 606, the Ministry's revenue recognition policy was in accordance with ASC Topic 605, Revenue Recognition. Effective January 1, 2019, the Ministry adopted Topic 606 using the modified retrospective transition method. The adoption of Topic 606 did not have a material impact on the Ministry's financial statements. The Ministry considers customer purchases to be contracts with a customer.

Revenue is recognized at the point at which control of the products are transferred to the customer. The Ministry takes control of the products when shipped by the manufacturer and then recognizes revenue when control of the product transfers to the customer.

Revenue is measured as the amount of consideration the Ministry expects to receive in exchange for transferring products. The Ministry estimates different forms of variable consideration at the time of sale based on historical experience, current conditions and contractual obligations. Revenue is recorded net of customer discounts. When the Ministry offers the right or has a history of accepting returns of product, historical experience is utilized to establish a liability for the estimate of expected returns and an asset for the right to recover the product expected to be returned. These adjustments are made in the same period as the underlying sales transactions.

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**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(With Comparative Totals for 2018)**

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

***Revenue Recognition (Continued)***

Sales and other tax amounts collected from customers for remittance to governmental authorities are included in revenue. The Ministry has elected to include shipping and handling of product with sales. The practical expedient not to disclose information about remaining performance obligations has also been elected as these contracts have an original duration of one year or less. The Ministry does not have any payment terms that exceed one year from the point it has satisfied the related performance obligations.

***Contributed Services***

During the years ended December 31, 2019 and 2018, the Ministry received an estimated 37,550 and 32,403 hours of donated services from domestic volunteers, respectively. These performed services are not reflected in the financial statements as the services did not require specialized skills as specified by Generally Accepted Accounting Principles (GAAP) pertaining to Accounting for Contributions Received and Contributions Made.

***Cash and Cash Equivalents***

The Ministry defines cash and cash equivalents to be all cash on hand and cash in bank accounts with original maturities of three months or less. Cash and cash equivalents include donor restricted deposits that are readily available and will be consumed during the next operating cycle.

***Accounts Receivable***

Accounts receivable are short-term, non-interest bearing, and uncollateralized. The ministry provides an allowance for uncollectible accounts based upon management's assessment of existing specific accounts. An allowance of \$1,500 and \$2,695 has been established for the years ended December 31, 2019, and 2018, respectively.

***Inventory***

Inventory consists of ministry-related resources held for future distribution. These are valued at lower of cost or net realizable value using the first-in, first-out method.

***Investments***

Investments in equity securities with readily determinable fair market value and all investments in debt securities are measured at fair value in the statement of financial position. Dividends, interest, and other investment income are reported in the period earned as increases in unrestricted net assets unless the use of the assets received is limited by donor-imposed restrictions, in which case earnings are reported in the same category as the donations.

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(With Comparative Totals for 2018)**

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

***Fair Value Measurement***

Fair value is defined under GAAP as an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Ministry utilizes market data or assumptions that market participants would use in pricing the asset or liability.

GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are: Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

***Other Assets***

The Ministry acquired the rights to two works of art which are included in other assets. The acquired rights give the Ministry permission to use the images in Ministry endeavors in perpetuity and have no expiration. As a result, these rights are not subject to amortization.

***Property and Equipment***

Property and equipment are stated at cost if purchased by the Ministry. Donations of property and equipment are recorded as support at the estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Unless the donor has stipulated how long donated assets must be maintained, the Ministry reports the expiration of donor restrictions when the donated or acquired assets are placed in service. At that time, the assets are transferred from restricted net assets to unrestricted net assets. Property and equipment are depreciated using the straight-line method. Useful lives of assets range from three to thirty years. The Ministry follows the practice of capitalizing all expenditures for property and equipment in excess of \$5,000 if their useful lives exceed one year.

The Ministry records impairment to property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Ministry based on facts and circumstances in existence at the time of determination, estimates of probable future economic conditions, and other information. No impairment loss was deemed necessary for the year ended December 31, 2019. During 2018, management determined an impairment loss of \$141,275 was necessary for certain land and buildings. The impairment was deemed necessary due to a fair market value evaluation by management.

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(With Comparative Totals for 2017)**

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

*Allocation of Expenses*

The costs of providing various programs and supporting activities of the Ministry have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated based on the following: directly on the activity benefited, an estimate of the time and effort spent by personnel, or an estimate of the proportional use of the overall square feet of usable space.

*Advertising*

The Ministry expenses advertising costs as incurred. Advertising was \$4,707,985 and \$4,387,648 for the years ended December 31, 2019 and 2018, respectively.

*Income Taxes*

The Ministry is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Ministry has been classified as a publicly-supported organization which is not a private foundation under Section 509(a) of the Code.

The Ministry has adopted FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes. The Ministry will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority.

The Ministry's evaluation on December 31, 2019, revealed no uncertain tax positions that would have a material impact on the financial statements. The Ministry will recognize future interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. The Ministry is no longer subject to examinations by taxing authorities for years before 2016.

*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 at the date of the financial statements and reported amounts of revenues and expenses and related disclosures during the reporting period. Actual results could differ from those estimates.

*Comparative Data*

The financial statements include certain summarized prior year comparative information in total but not by net asset classification. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Ministry's financial statements for the year ended December 31, 2018, from which the summarized information is derived.

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(With Comparative Totals for 2018)**

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

***Change in Accounting Principle***

On January 1, 2019, the Ministry adopted Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (ASC 606). ASC 606 provides a new model for accounting for revenue arising from contracts with customers that supersedes most revenue recognition guidance. Under the new guidance, entities are required to recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled upon transferring control of goods or services to a customer. As part of adoption of ASC 606, the Ministry applied the modified retrospective method to contracts that were not completed as of January 1, 2019. Further, results for reporting periods beginning on or after January 1, 2019 are presented under ASC 606, while prior period amounts were not adjusted and continue to be reported under the previous accounting standards. The adoption of ASC 606 had no impact on opening net assets.

The Ministry recognizes revenue upon the transfer of promised goods to its customers in an amount that reflects the consideration to which the Ministry expects to be entitled by applying the following five-step process specified in ASC 606:

- 1) Identify the contract(s) with a customer
- 2) Identify the performance obligations
- 3) Determine the transaction price
- 4) Allocate the transaction price
- 5) Recognize revenue when the performance obligations are met

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 13,655,061
Accounts receivable, net	138,572
Inventory	393,395
Short-term investments	<u>1,995,513</u>
Total	<u><u>\$ 16,182,541</u></u>

At year-end The Voice of the Martyrs, Inc. maintained short-term cash and cash equivalent reserves for the following purposes:

- 1.) Rapid response to persecution events
- 2.) Fulfilling commitments on international projects with planned first quarter needs
- 3.) Contingent operating expenses
- 4.) Meet requirements on gift annuity agreements

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(With Comparative Totals for 2018)**

**NOTE 2 - LIQUIDITY AND AVAILABILITY (CONTINUED)**

The cash and cash equivalents held at year-end are generally expected to be utilized within three months of the balance sheet date.

The Ministry utilized a number of different investment options and financial institutions to mitigate risk while also maintaining quick access to the funds for ministry needs. Those options included fully insured certificates of deposit with maturities of ninety days or less as well as partially insured cash and cash equivalents held at financially stable and reputable financial institutions that are available on demand.

**NOTE 3 - INVESTMENTS**

Investments are presented in the financial statements at fair market value and are summarized as follows:

	2019	
	Market Value	Cost
Cash and cash equivalents	\$ 75,418	\$ 75,418
Equities	108,378	10,869
Real estate and tangible assets	30,598	24,272
Mutual funds	8,217,223	8,048,734
Total	\$ 8,431,617	\$ 8,159,293
	2018	
	Market Value	Cost
Cash and cash equivalents	\$ 74,127	\$ 74,127
Equities	49,370	2,921
Real estate and tangible assets	41,560	38,955
Mutual funds	7,585,599	7,852,277
Total	\$ 7,750,656	\$ 7,968,280

Investment income and gains and losses on investments consist of the following for the years ended December 31:

	2019	2018
Dividends and interest	\$ 288,854	\$ 309,265
Net change in unrealized gain (loss) on investments	374,043	(508,768)
Investment fees	(49,252)	(48,875)
Total	\$ 613,645	\$ (248,378)

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**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**  
**(With Comparative Totals for 2018)**

**NOTE 4 - FAIR VALUE MEASUREMENTS**

Fair values of assets and liabilities measured at December 31, 2019 and 2018, were as follows:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets of Identical Assets/Liabilities Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
	Level (1)	Level (2)	Level (3)
	Level (1)	Level (2)	Level (3)
<u>December 31, 2019</u>			
Investments	\$ 8,431,617	\$ -	\$ -
Pledge receivable	-	-	557,122
Planned giving arrangements	-	-	1,527,284
Donor commitments	-	-	190,843
Total	\$ 8,431,617	\$ -	\$ 2,275,249

	Fair Value Measurements Using		
	Quoted Prices in Active Markets of Identical Assets/Liabilities Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
	Level (1)	Level (2)	Level (3)
	Level (1)	Level (2)	Level (3)
<u>December 31, 2018</u>			
Investments	\$ 7,750,656	\$ -	\$ -
Planned giving arrangements	-	-	1,498,000
Donor commitments	-	-	180,311
Total	\$ 7,750,656	\$ -	\$ 1,678,311

For all investment balances, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. For planned giving arrangements and donor commitments, fair value is determined by the present value of future cash flows as of the statement of financial position date.

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**NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)**

The following is a reconciliation of activity, for the years ended December 31, 2019 and 2018, for assets and liabilities measured at fair value based upon significant unobservable (non-market) information:

	2019	2018
Balance, beginning of year	\$ 1,678,311	\$ 1,669,622
New pledge receivable	557,122	-
Changes in planned giving agreements	29,284	45,483
Change in donor commitments	10,532	(36,794)
Total	<u>\$ 2,275,249</u>	<u>\$ 1,678,311</u>

**NOTE 5 - SUPPLEMENTAL CASH FLOW INFORMATION**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the balance sheet that equal the total of the same such amounts shown in the statement of cash flows.

	2019	2018
Cash and cash equivalents	\$ 13,655,061	\$ 15,290,784
Restricted cash	2,761,094	3,300,037
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 16,416,155</u>	<u>\$ 18,590,821</u>

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment - held for use at December 31, consist of the following:

	2019	2018
Land	\$ 418,606	\$ 418,606
Land improvements	5,324,744	5,324,744
Buildings	28,229,643	28,229,643
Office furniture and equipment	9,254,458	8,582,358
Automobiles	323,063	288,025
	<u>43,550,514</u>	<u>42,843,376</u>
Accumulated depreciation	<u>(19,424,382)</u>	<u>(18,128,800)</u>
Property and equipment, net	<u>\$ 24,126,132</u>	<u>\$ 24,714,576</u>

Depreciation in the amount of \$1,581,223 and \$1,698,483 in 2019 and 2018, respectively, has been allocated to program services and supporting activities in the statement of activities.

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**NOTE 7 - PLANNED GIVING AGREEMENTS**

The Ministry's planned giving agreements with donors consist of charitable gift annuities. Assets are invested, and payments are made to donors or other beneficiaries in accordance with the respective agreements, commencing on a specified date and continuing for their lifetime.

Contribution revenue for charitable gift annuities is recognized at the date the agreement is established, and is classified as either with or without donor restrictions, depending on donor instructions. A liability is also recorded on the date the agreement is established, using the current IRS mortality table and discount rate. Annually, the present value of the estimated future liability is calculated using the more conservative IAR mortality table (updated in 2012) used by the American Council on Gift Annuities, with the original discount rate. The gain or loss resulting from this annual present value adjustment is recorded as the change in the value of planned giving agreements. The loss on change in value of planned giving agreements was \$41,606 and \$41,883, in 2019 and 2018, respectively.

Contributions of \$45,052 and \$139,177 were recognized relating to charitable gift annuities during 2019 and 2018, respectively.

Annuity assets are maintained in a separate account and are invested in various mutual funds. At December 31, 2019 and 2018, the fair market value of assets invested related to annuities payable were \$1,995,513 and \$1,749,903, respectively.

The Ministry is licensed to issue annuity contracts in many states and is in compliance with those state laws which require a minimum reserve amount be maintained.

**NOTE 8 - DONOR COMMITMENTS**

In 2012, the Ministry became aware of a situation that was negatively affecting a small number of donors who had funded Charitable Gift Annuities (CGA's) and Charitable Remainder Annuity Trusts (CRAT's) with a third party. These donors had designated the Ministry to be the recipient of their gifts. However, the third party making the CGA and CRAT payments to these donors encountered severe financial difficulties and was unable to continue making payments.

The Ministry's Board of Directors carefully studied the circumstances and made the decision to assist the small number of donors who were no longer receiving payments per their contracts with the third party (the Ministry was not legally obligated to do so). As a result, the Ministry entered into a new contract with each of these donors, whereby the Ministry will make quarterly payments to each donor in an amount equal to the payments that were specified in their original CGA/CRAT agreements. In 2012, the Ministry recorded the present value of these obligations as a liability and recorded a one-time charge of approximately \$366,000. The present value of these obligations using IAR mortality table (updated in 2012) and current IRS discount rate was \$190,843 and \$180,311 at December 31, 2019 and 2018, respectively.

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**NOTE 9 - ALLOCATION OF JOINT COST**

The Ministry produces a monthly newsletter that includes fellowship and inspiration, general and administrative information, and fundraising components. The costs of producing the newsletter included joint costs not directly attributable to any single function. Those costs were allocated among the following functional expense categories as follows as of December 31:

	2019	2018
Fellowship and inspiration	\$ 7,084,393	\$ 5,904,386
General and administrative	1,296,007	1,329,348
Fundraising	1,144,575	1,036,990
Total	\$ 9,524,975	\$ 8,270,724

**NOTE 10 - RETIREMENT PLAN**

The Ministry provides a Tax Deferral Savings - Section 403(b) Retirement Plan (the Plan) for its employees. Under the Plan, each eligible employee is allowed to contribute up to the lesser of 100% of their annual compensation, or \$19,000 for the year ended December 31, 2019 and \$18,500 for the year ended December 31, 2018. "Catch up" contributions are allowed for employees over age 50. Each employee has the option to contribute funds as a pre-tax salary deferral or after tax Roth deferral. The Ministry matches 100% of employee contributions up to an annual discretionary employer percent of employee wages. Contributions of \$271,625 and \$265,542 were made to the Plan for the years ended December 31, 2019 and 2018, respectively.

**NOTE 11 - LEASE COMMITMENTS**

The Ministry leases various equipment and facilities through operating leases. The leases vary in length from monthly to long-term. Total rental expense for the years ending December 31, 2019 and 2018, was \$10,651 and \$43,558, respectively. Long-term lease commitments are as follows: 2020 - \$39,910, 2021 - \$26,692, and 2022 - \$17,420.

**NOTE 12 - OTHER COMMITMENTS**

The Ministry has entered into various contracts with vendors for security, janitorial, production, and information technology services. The contracts vary in length. The contract commitments are as follows: 2020 - \$5,613,162, 2021 - \$2,643,900, and 2022 - \$2,551,500.

**NOTE 13 - GIFTS-IN-KIND**

The Ministry receives various types of donated items which are sent to aid persecuted Christians in various countries. The total value of gifts-in-kind received during 2019 and 2018 totaled \$71,100 and \$292,541, respectively. These noncash transactions are not reflected in the cash flow statements.

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**NOTE 14 - CONCENTRATION OF CREDIT AND MARKET RISK**

The Ministry's financial instruments exposed to concentrations of credit risk consist primarily of cash equivalents and investments. The Ministry maintains its cash balances at high-quality financial institutions. At times the balances may be in excess of \$250,000, the amount insured by the Federal Deposit Insurance Corporation. The Ministry performs an ongoing evaluation of the commercial bank to limit its concentration of credit risk exposure. In addition the Ministry utilizes certificates of deposits at numerous financial institutions, none of which exceed insured limits. Management believes credit risk related to these deposits is minimal. The Ministry maintains its investment balances at a financial institution. The balances are insured by the Securities Investor Protection Corporation up to \$500,000 coverage for cash and securities held by a firm that is forced into bankruptcy. Cash coverage is limited at \$250,000. At times, the Ministry's deposits may exceed insured amounts. Management believes the funds are not exposed to any significant risks due to the diversity of high-grade financial instruments held by the fund and management's routine assessment of the portfolio.

**NOTE 15 - SUBSEQUENT EVENTS**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including on the U.S. on March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared states of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts to the Ministry include disruptions or restrictions on the Ministry's ability to operate both domestically and internationally. The future effects of these issues are unknown.

The Ministry has evaluated subsequent events through, May 6, 2020, the date the financial statements were available to be issued.

**NOTE 16 - RESTRICTIONS ON ASSETS**

All of the restrictions on assets at December 31, 2019 and 2018, relate to funds contributed to support certain mission projects.

Net assets with donor restrictions are available for the following purposes:

	2019	2018
Persecution Response	\$ 1,106,582	\$ 1,329,147
Bibles	1,142,421	819,421
Front Line Ministry	68,292	116,056
Other	443,799	1,035,413
Total	<u>\$ 2,761,094</u>	<u>\$ 3,300,037</u>

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**NOTE 17 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restrictions or by the occurrence of events specified by the donors. The following amounts reflect only donor-restricted contributions expended on the listed programs.

Purpose of restrictions:

	2019	2018
Persecution Response	\$ 10,382,354	\$ 12,107,849
Bibles	7,242,225	6,485,985
Front Line Ministry	5,488,866	6,636,415
Other	1,735,164	2,254,455
Total	\$ 24,848,609	\$ 27,484,704

**NOTE 18 - NEW ACCOUNTING PRONOUNCEMENTS**

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which provides more transparency and comparability among organizations by recognizing leased assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2020 with early adoption permitted. The Ministry will be evaluating the impact this standard will have on its financial statements and related disclosures.

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**NOTE 19 - CURRENT BOARD MEMBERS AND KEY EMPLOYEES**

Name	Title	Compensation	Employer Provided Benefits
Harvey Little	Chairman of the Board	\$ -	\$ -
C. Mark Shumaker	Vice-Chairman	-	-
Thomas Holland	Secretary/Treasurer	-	-
Marshal Wright	Member	-	-
David Dyson	Member	-	-
Paul Gustafson	Member	-	-
Paul Peterson	Member	-	-
Edwin Baelde	Member	-	-
Tammy Schneider	Member	-	-
Ben Montanez	Member	-	-
Cole Richards	Member, President & CEO	165,595	35,195
Key Employees			
Corey Odden	Chief Financial Officer	\$ 155,448	\$ 9,927
Jonathan Ekman	VP International Ministry	135,207	34,290
Jeremy Burton	VP of Connection	130,261	33,425
Todd Nettleton	Chief of Media Relations	111,683	30,772
Cheryl Odden	Chief of Editorial; Executive Editor	107,190	30,929
Brenda Spencer	Chief of Operational Logistics	106,043	14,943

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**NOTE 20 - PROGRAM SERVICE**

	2019	2018
Persecution Response:	\$ 12,047,234	\$ 12,978,137

When a pastor, evangelist or other Christian worker is imprisoned or killed because of his or her witness, the immediate family is often left with little means of financial support. The Ministry helps sustain these believers until a job or other financial provision can be obtained. The Ministry also provides immediate support to those who have suffered persecution themselves according to their needs, including living expenses, relocation, medical assistance or vocational training. The Ministry provided persecuted-related support in 62 countries in 2019 and 63 countries in 2018.

Bibles:	\$ 8,819,810	\$ 8,779,525
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Christians in restricted nations and hostile areas are often denied access to Bibles. They are considered illegal or can be extremely difficult to obtain. The Ministry prints Bibles in the languages of the countries where we work and smuggles them to believers who would otherwise never have an opportunity to read God's Word. The Ministry also provides New Testaments, children's Bibles, study Bibles and digital Bibles. Audio Bibles are distributed to those who cannot read. The Ministry distributed more than 1.2 million Bibles in 49 countries in 2019, and 1.5 million Bibles in 54 countries in 2018.

Front-Line Ministry:	\$ 14,406,180	\$ 14,763,122
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The Ministry directly assists pastors, evangelists and Christian workers who carry out their ministry in the face of hostility and persecution. Assistance includes supplies that allow them to minister in remote villages, evangelistic materials, and training. In addition, The Ministry may provide support to workers and their families, helping them meet daily needs such as food, clothing, and housing. The Ministry provided support to front-line workers in 77 countries in 2019 and 80 countries in 2018.

Fellowship and Inspiration:	\$ 16,142,420	\$ 14,403,413
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The Ministry is committed to informing believers in the U.S. of the persecution endured by their Christian family worldwide in order to create fellowship in the Body of Christ and inspire all believers to make a deeper commitment to Christ and His Great Commission. The Ministry uses various forms of media to publicize stories of hope, faith and courage as persecuted Christians stand boldly for Jesus Christ, but our flagship communication piece is our free, monthly magazine. The magazine was sent to an average of 506,725 readers in 2019 and 441,979 in 2018. The Ministry also publishes books, videos and related material and utilizes several online tools. The Ministry held regional conferences (20 in 2019 and 23 in 2018) as well as various local events.

	\$ 51,415,644	\$ 50,924,197
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