

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

Financial Statements

Year Ended December 31, 2020

With Comparative Information

As of December 31, 2019

With Independent Auditor's Report



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

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position - December 31, 2020	3
Statement of Activities - Year Ended December 31, 2020	4
Statement of Cash Flows - Year Ended December 31, 2020	5
Statement of Functional Expenses - Year Ended December 31, 2020	6
Notes to Financial Statements	7 - 21



## 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, 2020, 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, 2020, 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.

## **Report on Summarized Comparative Information**

We have previously audited The Voice of the Martyrs, Inc.'s 2019 financial statements, and our report dated May 6, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

As discussed in Note 1, the Ministry adopted the Financial Accounting Standards Board's Accounting Standards Updated ("ASU") 2018-08 Clarifying the Scope and Accounting Guidance for Contributions Received and Made (Topic 958) as of for the year ended December 31, 2020. Our opinion is not modified with respect to this matter.

MORSE & CO., PLLC

Tulsa, Oklahoma  
May 5, 2021

**THE VOICE OF THE MARTYRS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
(With Comparative Totals for 2019)

		<b>ASSETS</b>	
		<u>2020</u>	<u>2019</u>
Current assets			
Cash and cash equivalents		\$ 18,909,035	\$ 13,655,061
Cash held for donor-restricted ministry purposes		9,186,082	2,761,094
Accounts receivable, net of an allowance of \$1,500 in 2020 and 2019.		247,876	296,320
Pledge receivable		421,025	557,122
Prepaid expenses		1,718,951	892,455
Inventory		1,239,353	786,790
Other assets		1,368,475	-
Short-term investments		9,075,816	6,436,104
Total current assets		<u>42,166,613</u>	<u>25,384,946</u>
Noncurrent assets			
Investments		2,189,533	1,995,513
Other assets		1,745,850	845,541
Property and equipment - held for use, net		23,381,676	24,126,132
Total noncurrent assets		<u>27,317,059</u>	<u>26,967,186</u>
Total assets		<u>\$ 69,483,672</u>	<u>\$ 52,352,132</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities			
Accounts payable		\$ 799,280	\$ 741,889
Accrued expenses		869,690	753,653
Deferred revenue		27,416	1,520
Planned giving agreements, current portion		70,905	70,970
Donor commitments, current portion		18,768	20,542
Total current liabilities		<u>1,786,059</u>	<u>1,588,574</u>
Noncurrent liabilities			
Planned giving agreements		1,536,048	1,456,314
Donor commitments		163,128	170,301
Total noncurrent liabilities		<u>1,699,176</u>	<u>1,626,615</u>
Total liabilities		<u>3,485,235</u>	<u>3,215,189</u>
Net assets			
Without donor restriction			
Undesignated		31,750,418	28,165,179
Board designated for persecution response		13,540,257	8,979,309
Board designated for contingent operating expenses		9,332,147	7,235,848
Board designated for charitable gift annuities		2,189,533	1,995,513
With donor restriction		9,186,082	2,761,094
Total net assets		<u>65,998,437</u>	<u>49,136,943</u>
Total liabilities and net assets		<u>\$ 69,483,672</u>	<u>\$ 52,352,132</u>

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

**THE VOICE OF THE MARTYRS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**  
(With Comparative Totals for 2019)

	2020		2019	
	Without Donor Restriction	With Donor Restriction	Total	Total
<b>Support and revenue</b>				
Contributions and bequests	\$ 41,886,471	\$ 34,344,748	\$ 76,231,219	\$ 57,351,785
Contributions in-kind	-	138,249	138,249	71,100
Ministry related resources	580,117	-	580,117	682,889
Investment income, net	356,980	-	356,980	613,645
Interest income	19,362	-	19,362	186,976
Gain (loss) on sale of fixed assets	(77,089)	-	(77,089)	80,949
Other income	82,765	-	82,765	89,903
<b>Total support and revenue</b>	<b>42,848,606</b>	<b>34,482,997</b>	<b>77,331,603</b>	<b>59,077,247</b>
<b>Reclassifications</b>				
Satisfaction of program restrictions	28,058,009	(28,058,009)	-	-
<b>Expenses</b>				
<b>Program services</b>				
Persecution response, Bibles and front-line ministry	33,352,438	-	33,352,438	35,273,223
Fellowship and inspiration	16,776,390	-	16,776,390	16,142,421
<b>Supporting activities</b>				
General and administrative	6,816,871	-	6,816,871	6,404,151
Fundraising	3,524,410	-	3,524,410	2,856,266
<b>Total expenses</b>	<b>60,470,109</b>	<b>-</b>	<b>60,470,109</b>	<b>60,676,061</b>
Increase (decrease) in net assets	10,436,506	6,424,988	16,861,494	(1,598,814)
Net assets, beginning of year	46,375,849	2,761,094	49,136,943	50,735,757
Net assets, end of year	\$ 56,812,355	\$ 9,186,082	\$ 65,998,437	\$ 49,136,943

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, 2020**  
(With Comparative Totals for 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 16,861,494	\$ (1,598,814)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	1,656,481	1,581,223
Change in allowance for doubtful accounts	-	(1,195)
Forgiveness of note receivable	-	47,080
Gain on forgiveness of PPP loan	(1,381,200)	-
Unrealized investment (gains) losses	(172,917)	(374,043)
Dividends and interest	(184,063)	(239,593)
(Gain) loss on disposal of fixed assets	77,089	(80,949)
Stock contributions	(650,715)	(467,328)
Changes in assets and liabilities:		
Accounts receivable	48,444	100,471
Pledge receivable	136,097	(557,122)
Prepaid expenses	(826,496)	(332,541)
Inventory	(452,563)	268,946
Other assets	(2,268,784)	(258,582)
Accounts payable	57,391	(582,028)
Accrued expenses	116,037	86,900
Deferred revenue	25,896	1,520
Net cash provided by (used for) operating activities	<u>13,042,191</u>	<u>(2,406,055)</u>
Cash flows from investing activities		
Purchases of property and equipment	(993,161)	(1,001,479)
Purchases of investments	(3,143,541)	(363,988)
Proceeds from sale of investments	1,317,504	763,991
Proceeds from sale of property and equipment	4,047	793,049
Net cash provided by (used for) investing activities	<u>(2,815,151)</u>	<u>191,573</u>
Cash flows from financing activities		
Changes in planned giving agreements	79,669	29,284
Proceeds from PPP loan	1,381,200	-
Change in donor commitments	(8,947)	10,532
Net cash provided by (used for) financing activities	<u>1,451,922</u>	<u>39,816</u>
Change in cash and cash equivalents	11,678,962	(2,174,666)
Cash and cash equivalents at beginning of year	<u>16,416,155</u>	<u>18,590,821</u>
Cash and cash equivalents at end of year	<u>\$ 28,095,117</u>	<u>\$ 16,416,155</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 64,060</u>	<u>\$ 50,293</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, 2020**  
(With Comparative Totals for 2019)

	2020						2019	
	Persecution Response, Bibles, and Front-Line Ministry	Fellowship and Inspiration	Total Program Services	General and Administrative	Fundraising	Total Supporting Activities	Total	Total
Foreign aid	\$ 26,849,224	\$ 259,220	\$ 27,108,444	\$ -	\$ -	\$ -	\$ 27,108,444	\$ 29,512,641
Staffing and benefits	4,493,147	3,593,762	8,086,909	3,180,138	694,761	3,874,899	11,961,808	10,108,332
Advertising	-	3,291,000	3,291,000	746,883	994,527	1,741,410	5,032,410	4,707,985
Printing and production	30,077	2,572,844	2,602,921	418,240	473,682	891,922	3,494,843	3,396,939
Postage	46,324	2,832,772	2,879,096	412,092	432,787	844,879	3,723,975	3,566,142
Depreciation	299,687	918,492	1,218,179	289,657	148,645	438,302	1,656,481	1,581,223
Contract services	199,833	856,612	1,056,445	309,854	119,414	429,268	1,485,713	1,510,591
Office expense	229,324	853,150	1,082,474	383,398	419,558	802,956	1,885,430	1,966,225
International operations	1,075,943	-	1,075,943	-	-	-	1,075,943	1,338,866
Bank fees	-	-	-	697,394	-	697,394	697,394	652,653
Occupancy cost	110,225	371,424	481,649	115,532	62,650	178,182	659,831	698,552
Other	18,654	1,227,114	1,245,768	263,683	178,386	442,069	1,687,837	1,635,912
Total expenses	<u>\$ 33,352,438</u>	<u>\$ 16,776,390</u>	<u>\$ 50,128,828</u>	<u>\$ 6,816,871</u>	<u>\$ 3,524,410</u>	<u>\$ 10,341,281</u>	<u>\$ 60,470,109</u>	<u>\$ 60,676,061</u>
As a percentage of total expenses	55.16%	27.74%	82.90%	11.27%	5.83%	17.10%	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, 2020  
(With Comparative Totals for 2019)

---

**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	166
Total number of volunteers	1,408

(Continued)

**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***

The Financial Accounting Standards Board (FASB) issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which clarifies when a transaction should be accounted for as a contribution or exchange transaction. The Organization adopted ASU 2018-08 as of January 1, 2020 under the modified prospective approach. The adoption of ASU 2018-08 did not materially impact the financial statements.

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 net assets with donor restrictions depending on the nature of the restrictions. All contributions are considered available for use without donor restriction unless specifically restricted by the donor or subject to other legal restrictions.

The Organization recognizes contributions after analyzing each agreement and performing the following procedures:

- 1) Determine whether the transaction is an exchange or contribution
- 2) Identify any donor-imposed conditions or restrictions regarding its use
- 3) Distinguish between barriers and donor-imposed restrictions
- 4) Conclude that all conditions are resolved prior to recognizing the contribution as revenue

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.

(Continued)

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

***Revenue Recognition (Continued)***

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.

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.

The Ministry recognizes revenue upon the transfer of promised benefit 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

***Contributed Services***

During the years ended December 31, 2020 and 2019, the Ministry received an estimated 16,544 and 37,550 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.

(Continued)

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

***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 has been established for the years ended December 31, 2020, and 2019, respectively.

***Pledges Receivable***

Contributions are recognized when the donor makes a promise to give to the Ministry that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Ministry has elected the fair value option for valuing pledges receivable. Pledges are recorded at their estimated fair value when received, and they are revalued annually.

The Ministry uses the allowance method to determine uncollectible pledges receivable. The allowance is based on historical experience and management's analysis of specific promises made. Management believes all pledges receivable as of December 31, 2020 and 2019 to be fully collectible; no allowance for doubtful accounts is considered necessary.

***Inventory***

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

***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.

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(With Comparative Totals for 2019)

---

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

***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. The Ministry produces films and books, and accordingly implemented ASC 926-20-25-1 which requires all costs associated with a film or book in production to be capitalized. The Ministry expects to earn all material revenues in the same year as their release and will fully amortize the costs in the same year. Also included in other assets are security deposits.

***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 years ended December 31, 2020 and 2019.

***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 \$5,032,410 and \$4,707,985 for the years ended December 31, 2020 and 2019, 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 ministry which is not a private foundation under Section 509(a) of the Code.

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(With Comparative Totals for 2019)

---

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

***Income Taxes (Continued)***

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, 2020, 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 2017.

***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, 2019, from which the summarized information is derived.

***Change in Accounting Principle***

The FASB issued ASU No. 2018-08 "Not-for-Profit Entities (Topic 958)". The ASU provides an update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Ministry has adopted the provision as of January 1, 2020 with no effect to previously reported net asset balances.

**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	\$ 18,909,035
Accounts receivable, net	247,876
Inventory	1,239,353
Short-term investments	<u>9,075,816</u>
Total	<u>\$ 29,472,080</u>

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**  
(With Comparative Totals for 2019)

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

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

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:

	2020	
	Market Value	Cost
Cash and cash equivalents	\$ 86,596	\$ 87,141
Certificates of deposit	2,499,000	2,499,050
Equities	18,428	3,409
Real estate and tangible assets	38,251	24,272
Mutual funds	8,623,074	8,027,187
	<u>\$ 11,265,349</u>	<u>\$ 10,641,058</u>
	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
	<u>\$ 8,431,617</u>	<u>\$ 8,159,293</u>

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**  
(With Comparative Totals for 2019)

**NOTE 3 – INVESTMENTS**

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

	2020	2019
Dividends and interest	\$ 184,063	\$ 288,854
Net change in unrealized gain (loss) on investments	222,786	374,043
Investment fees	(49,869)	(49,252)
 Total	 \$ 356,980	 \$ 613,645

**NOTE 4 - FAIR VALUE MEASUREMENTS**

Fair values of assets measured at December 31, 2020 and 2019, 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)
<u>December 31, 2020</u>			
Investments	\$ 11,265,349	\$ -	\$ -
Pledge receivable	-	-	421,025
Planned giving arrangements	-	-	1,606,953
Donor commitments	-	-	181,896
 Total	 \$ 11,265,349	 \$ -	 \$ 2,209,874
	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)
<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

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**  
(With Comparative Totals for 2019)

---

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

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.

**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.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 18,909,035	\$ 13,655,061
Restricted cash	<u>9,186,082</u>	<u>2,761,094</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 28,095,117</u>	<u>\$ 16,416,155</u>

**NOTE 6 - PROPERTY AND EQUIPMENT**

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

	<u>2020</u>	<u>2019</u>
Land	\$ 418,606	\$ 418,606
Land improvements	5,311,136	5,324,744
Buildings	28,152,473	28,229,643
Office furniture and equipment	7,347,505	9,254,458
Automobiles	<u>322,865</u>	<u>323,063</u>
	41,552,585	43,550,514
Accumulated depreciation	<u>(18,170,909)</u>	<u>(19,424,382)</u>
Property and equipment, net	<u>\$ 23,381,676</u>	<u>\$ 24,126,132</u>

Depreciation in the amount of \$1,656,481 and \$1,581,223 in 2020 and 2019, respectively, has been allocated to program services and supporting activities in the statement of activities.

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(With Comparative Totals for 2019)

---

**NOTE 7 - PLANNED GIVING AGREEMENTS AND DONOR COMMITMENTS**

The Ministry's planned giving agreements with donors consist of charitable gift annuities (CGA). 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 \$66,031 and \$41,606, in 2020 and 2019, respectively.

Contributions of \$91,550 and \$45,052 were recognized relating to charitable gift annuities during 2020 and 2019, respectively.

Annuity assets are maintained in a separate account and are invested in various mutual funds. At December 31, 2020 and 2019, the fair market value of assets invested related to annuities payable were \$2,189,533 and \$1,995,513, 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.

The Ministry entered into a contract with donors who were negatively affected by a third party who encountered severe financial difficulties and was making the CGA/CRAT payments directly to the donor. 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 and current IRS discount rate was \$181,896 and \$190,843 at December 31, 2020 and 2019, respectively.

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**  
(With Comparative Totals for 2019)

---

**NOTE 8 - ALLOCATION OF JOINT COST**

The Ministry produces a monthly magazine that includes fellowship and inspiration, general and administrative information, and fundraising components. The costs of producing the magazine 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:

	2020	2019
Fellowship and inspiration	\$ 7,596,106	\$ 7,084,393
General and administrative	1,432,836	1,296,007
Fundraising	2,148,693	1,144,575
Total	<u>\$ 11,177,635</u>	<u>\$ 9,524,975</u>

**NOTE 9 - 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 \$19,500 for the year ended December 31, 2020 and \$19,000 for the year ended December 31, 2019. "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 125% of employee contributions up to an annual discretionary employer percent of employee wages. Contributions of \$323,701 and \$271,625 were made to the Plan for the years ended December 31, 2020 and 2019, respectively.

**NOTE 10 - 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, 2020 and 2019, was \$5,250 and \$10,651, respectively. Long-term lease commitments are as follows: 2021 - \$68,933, 2022 - \$57,572, and 2023 \$39,069.

**NOTE 11 - 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: 2021 - \$5,890,702, 2022 - \$3,256,685, and 2023 - \$2,930,185.

**NOTE 12 - 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 2020 and 2019 totaled \$138,249 and \$71,100, respectively. These noncash transactions are not reflected in the cash flow statements.

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(With Comparative Totals for 2019)

---

**NOTE 13 - 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 14 - RESTRICTIONS ON ASSETS**

All of the restrictions on assets at December 31, 2020 and 2019, relate to funds contributed to support certain mission projects.

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

	2020	2019
Persecution Response	\$ 4,040,760	\$ 1,106,582
Bibles	5,068,851	1,142,421
Front Line Ministry	53,089	68,292
Other	23,382	443,799
Total	<u>\$ 9,186,082</u>	<u>\$ 2,761,094</u>

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(With Comparative Totals for 2019)

---

**NOTE 15 - 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:

	2020	2019
Persecution Response	\$ 14,025,005	\$ 10,382,354
Bibles	6,203,897	7,242,225
Front Line Ministry	6,378,420	5,488,866
Other	1,450,687	1,735,164
Total	<u>\$ 28,058,009</u>	<u>\$ 24,848,609</u>

**NOTE 16 – SUBSEQUENT EVENTS**

The Ministry has evaluated subsequent events through, May 5, 2021 the date the financial statements were available to be issued.

**NOTE 17 – 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, 2021 with early adoption permitted. The Ministry will be evaluating the impact this standard will have on its financial statements and related disclosures.

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which improves generally accepted accounting principles by increasing the transparency of contributed non-financial assets for not-for-profit entities through enhancement to presentation and disclosure. ASU 2020-07 is affected for annual periods beginning after June 15, 2021 with early adoption permitted.

The Ministry will be evaluating the impact these standards will have on its financial statements and related disclosures.

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(With Comparative Totals for 2019)

**NOTE 18 - CURRENT BOARD MEMBERS AND EXECUTIVE LEADERSHIP**

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	173,557	33,512
Executive Leadership			
Corey Odden	Chief Financial Officer	\$ 163,094	\$ 10,536
Jonathan Ekman	VP International Ministry	134,285	32,505
Jeremy Burton	VP of Connection	139,383	31,546

**NOTE 19 – RECOGNITION OF PPP LOAN**

On April 15, 2020, the Ministry received loan proceeds in the amount of \$1,381,200 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organizations. The loan is forgivable as long as the organizations receiving loans utilize the funds for eligible purposes including, payroll, benefits, rent, and utilities. The Ministry fulfilled the conditions required and filed the application for forgiveness with the Small Business Administration in September 2020 and received confirmation of forgiveness on January 21, 2021. As such, management has elected to recognize the loan proceeds as revenues in the year in which they fulfilled the conditions. The proceeds have been included with contributions and bequests in the Statement of Activities.

(Continued)

**THE VOICE OF THE MARTYRS, INC.**  
 NOTES TO FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2020  
 (With Comparative Totals for 2019)

---

**NOTE 20 - PROGRAM SERVICE ACCOMPLISHMENTS**

	<u>2020</u>	<u>2019</u>
Persecution Response:	\$ 16,178,978	\$ 12,047,234

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 60 countries in 2020 and 62 countries in 2019.

Bibles:	\$ 7,731,604	\$ 8,819,810
---------	--------------	--------------

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. Each year the Ministry distributes more than one million bibles in the world's most difficult and restricted nations.

Front-Line Ministry:	\$ 9,441,855	\$ 14,406,180
----------------------	--------------	---------------

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 70 countries in 2020 and 77 countries in 2019.

Fellowship and Inspiration:	\$ 16,776,391	\$ 16,142,420
-----------------------------	---------------	---------------

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 552,136 readers in 2020 and 506,725 in 2019. The Ministry also publishes books, videos and related material and utilizes several online tools.

Total	<u>\$ 50,128,828</u>	<u>\$ 51,415,644</u>
-------	----------------------	----------------------