

**LIBERTY IN NORTH KOREA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2018**



**LIBERTY IN NORTH KOREA  
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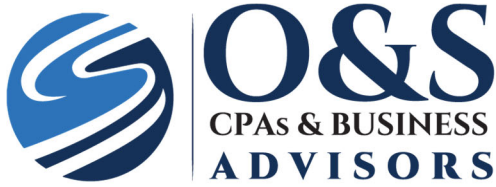
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Certified Public Accountants  
5000 E. Spring Street Ste. 200  
Long Beach, CA 90815  
562.420.3100  
www.oniskoscholz.com  
Info@oniskoscholz.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Liberty in North Korea

We have audited the accompanying financial statements of Liberty in North Korea (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and the related statements of activities and cash flows 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.

### **Auditors' 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 auditors' 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 present fairly, in all material respects, the financial position of Liberty in North Korea as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads 'Onisko &amp; Scholz, LLP'.

Onisko & Scholz, LLP  
Long Beach, California  
September 26, 2019

**LIBERTY IN NORTH KOREA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2018**

ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current Assets			
Cash and cash equivalents	\$ 1,298,221	\$ 1,012	\$ 1,299,233
Contributions receivable	224,379	452,326	676,705
Inventory	10,016	-	10,016
Prepaid expenses, current portion	63,699	-	63,699
Total Current Assets	<u>1,596,315</u>	<u>453,338</u>	<u>2,049,653</u>
Noncurrent Assets			
Property and equipment, net	125,775	-	125,775
Deposits	32,741	-	32,741
Prepaid expenses, net of current portion	1,022	-	1,022
Total Noncurrent Assets	<u>159,538</u>	<u>-</u>	<u>159,538</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 1,755,853</b></u>	<u><b>\$ 453,338</b></u>	<u><b>\$ 2,209,191</b></u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 31,380	\$ -	\$ 31,380
Accrued liabilities	15,375	-	15,375
Total Current Liabilities	<u>46,755</u>	<u>-</u>	<u>46,755</u>
Total Liabilities	<u>46,755</u>	<u>-</u>	<u>46,755</u>
Net Assets			
Without Donor Restrictions			
Board designated	379,397	-	379,397
Undesignated	1,329,701	-	1,329,701
	<u>1,709,098</u>	<u>-</u>	<u>1,709,098</u>
With Donor Restrictions	-	453,338	453,338
Total Net Assets	<u>1,709,098</u>	<u>453,338</u>	<u>2,162,436</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 1,755,853</b></u>	<u><b>\$ 453,338</b></u>	<u><b>\$ 2,209,191</b></u>

The accompanying notes are an integral part of these financial statements.

**LIBERTY IN NORTH KOREA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>SUPPORT</b>			
Contributions	\$ 2,411,267	\$ 715,605	\$ 3,126,872
Grants	450,000	655,692	1,105,692
Total Support	2,861,267	1,371,297	4,232,564
 <b>REVENUE</b>			
Special events	114,675	-	114,675
Less: cost of direct benefits to donors	(151,785)	-	(151,785)
Net special events	(37,110)	-	(37,110)
Inventory sales, net of \$23,951 cost of goods sold	14,362	-	14,362
Other revenue	18,905	-	18,905
Total Revenue	(3,843)	-	(3,843)
Net assets released from restrictions	1,253,785	(1,253,785)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>4,111,209</b>	<b>117,512</b>	<b>4,228,721</b>
 <b>EXPENSES</b>			
Program services	2,649,169	-	2,649,169
Fund-raising	463,225	-	463,225
Management and general	492,029	-	492,029
<b>TOTAL EXPENSES</b>	<b>3,604,423</b>	<b>-</b>	<b>3,604,423</b>
 <b>CHANGE IN NET ASSETS</b>	<b>506,786</b>	<b>117,512</b>	<b>624,298</b>
 <b>NET ASSETS, BEGINNING OF YEAR</b>	<b>1,202,312</b>	<b>335,826</b>	<b>1,538,138</b>
 <b>NET ASSETS, END OF YEAR</b>	<b>\$ 1,709,098</b>	<b>\$ 453,338</b>	<b>\$ 2,162,436</b>

The accompanying notes are an integral part of these financial statements.

**LIBERTY IN NORTH KOREA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Program Services</u>	<u>Fund-raising</u>	<u>Management and General</u>	<u>Total</u>
Payroll Expenses				
Salaries and Wages	\$ 893,095	\$ 215,240	\$ 165,828	\$ 1,274,163
Employee Benefits	93,709	20,087	16,666	130,462
Payroll Taxes	42,732	17,583	11,070	71,385
Total Payroll Expenses	<u>1,029,536</u>	<u>252,910</u>	<u>193,564</u>	<u>1,476,010</u>
Advertising	1,071	5,532	-	6,603
Bank Service Charges	-	-	18,733	18,733
Client Assistance	57,976	-	-	57,976
Client Travel	292,373	-	-	292,373
Conferences	1,221	-	-	1,221
Consultants	9,497	100	-	9,597
Depreciation Expense	27,944	2,919	3,527	34,390
Dues and Subscriptions	31,675	12,488	4,827	48,990
Equipment Expense	7,577	1,101	716	9,394
Facility and Equipment Rentals	13,365	164,976	-	178,341
Film Production	177,808	-	-	177,808
Gifts and Appreciation	8,000	12,714	4,220	24,934
Insurance	11,385	694	12,312	24,391
Interest Expense	-	-	51	51
Inventory Purchases	23,951	-	-	23,951
Legal and Professional Fees	53,086	36,981	133,352	223,419
Meals and Entertainment	33,854	22,749	13,800	70,403
Merchant Account Fees	-	-	27,151	27,151
Payroll Fees	-	-	1,671	1,671
Postage	426	3,729	767	4,922
Printing and Reproduction	5,032	18,032	554	23,618
Professional Fundraising	-	9,020	-	9,020
Rent Expense	106,339	19,812	19,505	145,656
Repairs and Maintenance	8,339	2,619	1,942	12,900
Rescue Expense	540,081	-	-	540,081
Staff Development	688	-	1,814	2,502
Staff/Intern Housing	47,408	2,733	12,400	62,541
Supplies	7,094	11,421	1,765	20,280
Taxes and Licenses	319	66	1,304	1,689
Travel	147,593	26,913	32,346	206,852
Utilities	24,898	6,201	4,732	35,831
Worker's Compensation	4,584	1,300	976	6,860
Total expenses	<u>2,673,120</u>	<u>615,010</u>	<u>492,029</u>	<u>3,780,159</u>
Less expenses included in revenue section of the statement of activities	<u>(23,951)</u>	<u>(151,785)</u>	<u>-</u>	<u>(175,736)</u>
Total expenses included in the expense section of the statement of activities	<u>\$ 2,649,169</u>	<u>\$ 463,225</u>	<u>\$ 492,029</u>	<u>\$ 3,604,423</u>

The accompanying notes are an integral part of these financial statements.

**LIBERTY IN NORTH KOREA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ 506,786	\$ 117,512	\$ 624,298
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:			
Depreciation	34,390	-	34,390
Net realized loss on disposal of assets	564	-	564
Changes in operating assets and liabilities:			
Contributions receivable	(3,560)	(452,326)	(455,886)
Employee receivable	4,985	-	4,985
Inventory	(1,177)	-	(1,177)
Prepaid expenses	(29,157)	-	(29,157)
Deposits	(6,843)	-	(6,843)
Accounts payable	15,820	-	15,820
Accrued liabilities	7,518	-	7,518
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>529,326</u>	 <u>(334,814)</u>	 <u>194,512</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(74,488)	-	(74,488)
Proceeds from sale of property and equipment	14,085	-	14,085
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(60,403)</u>	 <u>-</u>	 <u>(60,403)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 468,923	 (334,814)	 134,109
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>829,298</u>	 <u>335,826</u>	 <u>1,165,124</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u>\$ 1,298,221</u>	 <u>\$ 1,012</u>	 <u>\$ 1,299,233</u>

The accompanying notes are an integral part of these financial statements.

**LIBERTY IN NORTH KOREA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Liberty in North Korea (the “Organization”) is a 501(c)(3) nonprofit organization based out of Long Beach, California, with overseas operations in Seoul, South Korea and Southeast Asia. The Organization’s main purpose is to work alongside the North Korean people to accelerate change by focusing on two primary strategic areas: working directly with North Korean refugees and changing the way the world sees North Korea.

**Working with North Korean Refugees**

The Organization works with North Korean refugees because of the humanitarian imperative, but also because of their potential as agents of change on this issue. This strategy is implemented through two programs:

- 1) **Refugee Rescues:** North Korean refugees who have escaped into China face the twin threats of exploitation and forced repatriation. The Organization brings these individuals through networks that cover 3,000 miles of secret rescue routes, helping them safely resettle in South Korea or the United States without cost or condition.
- 2) **Post-Resettlement Cooperation:** Newly arriving North Korean refugees face a range of resettlement challenges in their new societies. The Organization provides resources and guidance to help these individuals make a smooth adjustment and quick transition to self-sufficiency through the following services: resettlement counseling, interpretation and translation services, education grants, workshops and community events, and by providing information and referrals for additional support services. The Organization also seeks to invest in the long-term ambitions, potential and strength of the North Korean people by focusing on building a community that will equip them to pursue their dreams and empower them to become agents of change on the issue.

**Changing the Narrative**

The Organization works directly with North Korean defectors and other experts to develop new insights and ways of understanding the issue, and then disseminates this to people worldwide through multiple strategies:

- 1) **Creating Media & Documentaries:** The Organization creates short and long-form videos and other media that focus on the North Korean people’s challenges as well as their potential, and shares these with international audiences.
- 2) **Engaging with International Journalists and Policymakers:** The Organization engages with international journalists, filmmakers, diplomats and other policymakers to influence the way the media reports on North Korea as well as the way that governments and policymakers think about the issue.
- 3) **Direct Grassroots Engagement:** Through events and global online campaigns the Organization shares the stories of the North Korean people and a broader perspective on the issue. Hundreds of Liberty in North Korea Rescue Teams (chapters) around the world fundraise to rescue North Korean refugees and build support for the North Korean people in their local communities.



**LIBERTY IN NORTH KOREA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Organization uses the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

**Recently Adopted Accounting Standards**

In 2018, the Organization adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic): Presentation of Financial Statements of Not-for-Profit Entities*. The main provisions include: presentation of two classes of net assets versus the previously required three; recognition of capital gains for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction to net assets with donor restrictions. The guidance also enhances disclosures for board-designated amounts, components of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. With the adoption of the standard, the Organization updated net asset presentation in the financial statements and included additional disclosures as required. No significant reclassification to prior-year amounts were necessary in order to adopt the new standard.

**Description of Net Asset Classes**

The net assets, revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

***Without donor restrictions*** - Net assets that are not subject to donor-imposed stipulations. Net assets without donor imposed restrictions may be designated for specific purposes by action of the Board of Directors.

***With donor restrictions*** - Net assets subject to donor-imposed stipulations that may be maintained permanently, or be fulfilled by actions of the Organization, pursuant to those stipulations, or that expire by the passage of time. There were \$453,338 of donor-imposed restricted net assets at December 31, 2018.

**Accounting for Contributions**

Generally accepted accounting principles require that the Organization reports information about its financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is unconditional. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**LIBERTY IN NORTH KOREA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents**

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased.

**Inventories**

Inventories, which consist primarily of store items such as T-shirts, sweatshirts, tote bags, books, and DVDs, are valued at the lower of cost and net realizable value. Cost is determined by using the average cost method.

**Property and Equipment**

Property and equipment are stated at cost, if purchased or at fair value at the date of the gift, if donated and significant. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Expenditures for major additions and improvements that exceed \$500 are capitalized. Minor replacements, maintenance, and repairs are charged to expense as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from three to seven years.

**Long-Lived Assets**

The Organization reviews long-lived assets such as property and equipment to determine if there has been an impairment of value whenever events or changes occur that indicate the carrying value of the assets may have declined and may not be recoverable. No circumstances have occurred during the year to cause the Organization to believe there has been any impairment of the carrying value of its long lived assets as of December 31, 2018. There can be no assurance, however, that market or other conditions will not change in the future resulting in impairment of long lived assets.

**Contributed Services**

The Organization receives periodic donations of professional services, such as bookkeeping, legal fees, and media consulting, which are recorded at estimated fair market value at the date of donation, if significant. The amount of contributed services for the year ended December 31, 2018 was \$80,329.

A substantial number of volunteers have donated significant amounts of their time to the Organization and its programs. These services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

**LIBERTY IN NORTH KOREA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Compensated Absences**

Employees of the Organization are entitled to unlimited paid vacation days with approval of supervisors. No payout of vacation days will be made upon termination of employment; therefore, no liability for such absences is included in accrued liabilities on the statement of financial position. Employees are also granted unlimited sick days, which are not an earned benefit. No payment of sick leave will be made upon termination of employment.

**Concentration of Credit Risk**

The Organization's cash and cash equivalents are maintained in various banks and financial institutions. The Organization has exposure to credit risk to the extent that its cash and cash equivalents exceed amounts covered by federal deposit insurance (FDIC) up to \$250,000. At December 31, 2018, the Organization had \$519,137 in uninsured cash balances. The Organization has three foreign bank accounts held in South Korea. The foreign bank accounts are covered by Korea Deposit Insurance Corporation (KDIC) up to 50,000,000 Korean Won (approx. \$45,000 at December 31, 2018 after conversion to U.S. dollars). At times during the year, the Organization maintained cash balances in excess of the foreign insured limits.

**Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and Section 23701(d) of the California Tax Code. Consequently, the accompanying financial statements do not reflect any provision for income taxes. Contributions to the Organization are deductible for tax purposes under Section 170(b)(1) of the IRC.

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three and four years after they are filed, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

**Advertising Costs**

The Organization uses advertising to change the narrative on North Korea. Advertising costs are expenses as incurred. Advertising expense for the year ended December 31, 2018 was \$6,603.

**LIBERTY IN NORTH KOREA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fair Value of Financial Instruments**

The Organization's financial instruments, including cash and cash equivalents, receivables, prepaid expenses, accounts payable, and accrued expenses, are carried at cost, which approximates fair value because of the short-term nature of these instruments.

**Expense Allocation**

The cost of providing various programs and other activities has been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort.

**NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following represents financial assets that could readily be made available within one year at December 31, 2018 for general expenditures:

Financial assets at year-end:

Cash and Cash equivalents	\$ 1,299,233
Receivables	676,705
Inventory	10,016
	<u>\$ 1,985,954</u>

In addition to financial assets available to meet general expenditures over the year, the Organization operated with a balanced budget and anticipates covering its general expenditures by collection of the sufficient donations. The Organization reviews its cash position on a regular basis to ensure adequate funds are on hand to meet expenses.

**NOTE 4 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable as of December 31, 2018 are expected to be collected in the following periods:

Less than one year	<u>\$ 676,705</u>
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**LIBERTY IN NORTH KOREA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2018 consists of the following:

Furniture and fixtures	\$ 10,619
Computer equipment	86,925
Vehicles	80,715
Camera Equipment	21,548
Leasehold Improvements	13,520
	<u>213,327</u>
Less accumulated depreciation	<u>(87,552)</u>
	<u>\$ 125,775</u>

Depreciation expense for the year ended December 31, 2018 was \$34,390.

**NOTE 6 – OPERATING LEASES**

The Organization is committed under two real property leases for premises: one in Long Beach, California expiring July 31, 2021, and the other in Rancho Palos Verdes, California that has since expired January 31, 2019. Two leases are also held in South Korea: one that has since expired on July 31, 2019 and the other expired February 28, 2019 and continued on a month-to-month basis.

Minimum lease payments required under the leases are as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2019	\$ 105,785
2020	90,128
2021	53,375
2022	-
2023	-
	<u>\$ 249,288</u>

Rental expenses for all operating leases, except those with terms of a month or less that were not renewed, were \$145,656 for the year ended December 31, 2018.

**LIBERTY IN NORTH KOREA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at December 31, 2018 are available for the following purposes:

Donor restricted due to time	\$ 400,000
Rescue fund	37,219
Changing the Narrative fund	15,107
Stateless Children fund	<u>1,012</u>
	<u>\$ 453,338</u>

Net assets were released from restrictions during the year ended December 31, 2018 by incurring expenses satisfying the restricted purpose as follows:

Rescue fund	\$ 804,037
Resettlement fund	4,060
Changing the Narrative fund	180,585
Stateless Children fund	5,476
Red Zone fund	<u>259,627</u>
	<u>\$ 1,253,785</u>

**NOTE 8 – BOARD DESIGNATED FUNDS**

Beginning in 2016, the Board approved the establishment of the Vision fund. Its goal is to ensure sufficient funding to cover all of the organization's non-program (supporting services) expenses. Prior to allocating new funds for this purpose, the Board and/or management communicate explicitly with donors whose contributions they would like to be included. The Vision fund balance at December 31, 2018 was \$379,397.

**NOTE 9 – FOREIGN OPERATIONS**

Operations outside the United States include offices in South Korea and Southeast Asia. Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls, and restrictions on currency exchange. Total property and equipment held outside of the United States at December 31, 2018 was \$77,437. See Note 2, Concentration of Credit Risk, for foreign cash amounts held in the Organization.

**NOTE 10 – CONCENTRATIONS**

During the year ended, approximately 44 percent of the Organization's support was received from six donors and 85 percent of contribution receivables are from four donors during the year ended December 31, 2018.

**LIBERTY IN NORTH KOREA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**NOTE 11 – RELATED PARTIES**

The Organization received donations from board members in the amount of \$596,901 during the year ended December 31, 2018.

**NOTE 12 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

During the year ended December 31, 2018, the Organization paid \$51 in interest and no income taxes.

**NOTE 13 – RETIREMENT PLAN**

The Organization started a Savings Incentive Match Plan for Employees (SIMPLE) IRA on May 1, 2015. Under the SIMPLE IRA plan, eligible employees may make elective contributions of up to \$12,500. The Organization will make a matching contribution equal to 100% of the employee's contribution up to a limit of 3% of the employee's compensation for the calendar year. The Organization contributed \$23,259 to the plan for the year ended December 31, 2018.

In addition to the SIMPLE IRA, the Organization also participates in government-mandated pension plan contributions for its employees in South Korea. Under this plan, both the employee and the employer are required to contribute 4.5% of an employee's gross pay towards retirement. Organization's contributions were \$9,861 for the year ended December 31, 2018.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 26, 2019 the date the financial statements were available to be issued.