

LIBERTY IN NORTH KOREA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2019



**LIBERTY IN NORTH KOREA
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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, 2019, 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, 2019, 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 black ink that reads "Onisko & Scholz, LLP".

Onisko & Scholz, LLP
Long Beach, California
October 23, 2020

LIBERTY IN NORTH KOREA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,324,259	\$ 92,600	\$ 1,416,859
Contributions receivable	82,530	13,835	96,365
Inventory	11,984	-	11,984
Prepaid expenses	8,470	-	8,470
Total Current Assets	1,427,243	106,435	1,533,678
Noncurrent Assets			
Property and equipment, net	95,475	-	95,475
Deposits	29,961	-	29,961
Total Noncurrent Assets	125,436	-	125,436
TOTAL ASSETS	\$ 1,552,679	\$ 106,435	\$ 1,659,114
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 17,701	\$ -	\$ 17,701
Accrued liabilities	20,670	-	20,670
Total Current Liabilities	38,371	-	38,371
Total Liabilities	38,371	-	38,371
Net Assets			
Without Donor Restrictions			
Board designated	37,637	-	37,637
Undesignated	1,476,671	-	1,476,671
	1,514,308	-	1,514,308
With Donor Restrictions			
Total Net Assets	-	106,435	106,435
	1,514,308	106,435	1,620,743
TOTAL LIABILITIES AND NET ASSETS	\$ 1,552,679	\$ 106,435	\$ 1,659,114

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

LIBERTY IN NORTH KOREA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT			
Contributions	\$ 2,467,201	\$ 464,752	\$ 2,931,953
Grants	-	321,338	321,338
Total Support	<u>2,467,201</u>	<u>786,090</u>	<u>3,253,291</u>
REVENUE			
Special events	15,945	-	15,945
Less: cost of direct benefits to donors	(158,609)	-	(158,609)
Net special events	<u>(142,664)</u>	<u>-</u>	<u>(142,664)</u>
Inventory sales, net of \$16,852 cost of goods sold	10,597	-	10,597
Interest Income	14,222	-	14,222
Total Revenue	<u>(117,845)</u>	<u>-</u>	<u>(117,845)</u>
Net assets released from restrictions	<u>1,132,993</u>	<u>(1,132,993)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>3,482,349</u>	<u>(346,903)</u>	<u>3,135,446</u>
EXPENSES			
Program services	2,586,528	-	2,586,528
Fund-raising	561,188	-	561,188
Management and general	512,507	-	512,507
TOTAL EXPENSES	<u>3,660,223</u>	<u>-</u>	<u>3,660,223</u>
Net loss on sale or exchange of assets	<u>16,916</u>	<u>-</u>	<u>16,916</u>
TOTAL EXPENSES AND LOSSES	<u>3,677,139</u>	<u>-</u>	<u>3,677,139</u>
CHANGE IN NET ASSETS	<u>(194,790)</u>	<u>(346,903)</u>	<u>(541,693)</u>
NET ASSETS, BEGINNING OF YEAR PREVIOUSLY REPORTED	<u>1,709,098</u>	<u>453,338</u>	<u>2,162,436</u>
NET ASSETS, END OF YEAR	<u>\$ 1,514,308</u>	<u>\$ 106,435</u>	<u>\$ 1,620,743</u>

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, 2019

	<u>Program Services</u>	<u>Fund-raising</u>	<u>Management and General</u>	<u>Total</u>
Payroll expenses				
Salaries and wages	\$ 1,095,297	\$ 279,041	\$ 244,446	\$ 1,618,784
Employee benefits	135,350	27,429	25,298	188,077
Payroll taxes	48,707	22,125	17,993	88,825
Total payroll expenses	<u>1,279,354</u>	<u>328,595</u>	<u>287,737</u>	<u>1,895,686</u>
Advertising	3,354	3,096	-	6,450
Bank service charges	-	-	12,544	12,544
Client assistance	58,364	-	-	58,364
Client travel	199,920	-	-	199,920
Consultants	9,050	-	-	9,050
Depreciation expense	34,155	3,997	5,410	43,562
Dues and subscriptions	30,398	9,252	8,075	47,725
Equipment expense	9,801	834	674	11,309
Facility and equipment rentals	5,688	161,785	-	167,473
Film production	95,232	-	-	95,232
Gifts and appreciation	5,207	15,152	6,397	26,756
Insurance	2,965	753	11,962	15,680
Interest expense	-	-	29	29
Inventory purchases	16,852	-	-	16,852
Legal and professional fees	74,734	75,035	71,619	221,388
Meals and entertainment	43,894	17,023	23,896	84,813
Merchant account fees	-	1,539	23,091	24,630
Payroll fees	-	-	2,457	2,457
Postage	764	6,704	440	7,908
Printing and reproduction	6,177	10,564	356	17,097
Professional fundraising	-	16,741	973	17,714
Rent expense	126,963	23,016	22,167	172,146
Repairs and maintenance	11,109	856	3,321	15,286
Rescue expense	392,375	-	-	392,375
Staff development	2,529	-	2,944	5,473
Staff/Intern housing	3,700	-	600	4,300
Supplies	8,587	8,625	1,603	18,815
Taxes and licenses	-	68	457	525
Travel	155,234	28,314	19,129	202,677
Utilities	19,944	5,850	4,871	30,665
Worker's compensation	7,030	1,998	1,755	10,783
Total expenses	<u>2,603,380</u>	<u>719,797</u>	<u>512,507</u>	<u>3,835,684</u>
Less expenses included in revenue section of the statement of activities	<u>(16,852)</u>	<u>(158,609)</u>	<u>-</u>	<u>(175,461)</u>
Total expenses included in the expense section of the statement of activities	<u>\$ 2,586,528</u>	<u>\$ 561,188</u>	<u>\$ 512,507</u>	<u>\$ 3,660,223</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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ (194,790)	\$ (346,903)	\$ (541,693)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:			
Depreciation	43,562	-	43,562
Net realized loss on disposal of assets	5,536	-	5,536
Changes in operating assets and liabilities:			
(Increase) decrease in:			
Contributions receivable	141,849	438,491	580,340
Inventory	(1,968)	-	(1,968)
Prepaid expenses	56,251	-	56,251
Deposits	2,780	-	2,780
Increase (decrease) in:			
Accounts payable	(13,679)	-	(13,679)
Accrued liabilities	5,295	-	5,295
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>44,836</u>	 <u>91,588</u>	 <u>136,424</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(21,877)	-	(21,877)
Proceeds from sale of property and equipment	3,079	-	3,079
 NET CASH USED BY INVESTING ACTIVITIES	 <u>(18,798)</u>	 <u>-</u>	 <u>(18,798)</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 26,038	 91,588	 117,626
 BEGINNING CASH AND CASH EQUIVALENTS	 <u>1,298,221</u>	 <u>1,012</u>	 <u>1,299,233</u>
 ENDING CASH AND CASH EQUIVALENTS	 <u>\$ 1,324,259</u>	 <u>\$ 92,600</u>	 <u>\$ 1,416,859</u>

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

**LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

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, 2019

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.

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 \$106,435 of donor-imposed restricted net assets at December 31, 2019.

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.

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.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2019. 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, 2019 was \$34,906.

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.

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 twelve sick days per calendar year, 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, 2019, the Organization had \$726,212 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. \$43,000 at December 31, 2019 after conversion to U.S. dollars). At times during the year, the Organization maintained cash balances in excess of the foreign insured limits.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2019 was \$6,450.

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.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)”. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. ASU 2014-09 requires entities to recognize revenue in a way that depicts the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. In June 2020, the FASB issued ASU 2020-05. “Revenue from Contracts with Customers: Topic 606: Deferral of Effective Date”. This standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization is evaluating the impact the pronouncement may have on the financial statements.

In February 2016, the FASB issued ASU 2016-02 “Leases (Topic 842)”, which sets out the principles for the recognition measurement, presentation, and disclosure of leases for both lessees and lessors. ASU 2016-2 requires lessees to recognize the following for all leases with terms longer than 12 months: (a) a lease liability, and (b) a right-of-use asset. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of 12 months or less will be accounted for similarly to existing guidance for operating leases. The FASB issued ASU 2020-05 delaying the effective date for non-public entities for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is evaluating the impact the pronouncement may have on the financial statements.

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, 2019 for general expenditures:

Financial assets at year-end:

Cash and Cash equivalents	\$ 1,416,868
Receivables	96,365
Inventory	11,984
	<u>\$ 1,525,217</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.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31, 2019 are expected to be collected in the following periods:

Less than one year	\$ 96,365
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NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 consists of the following:

Furniture and fixtures	\$ 10,619
Computer equipment	106,986
Vehicles	69,101
Camera Equipment	22,148
Leasehold Improvements	13,520
	222,374
Less accumulated depreciation	(126,899)
	\$ 95,475

Depreciation expense for the year ended December 31, 2019 was \$43,562.

NOTE 6 – OPERATING LEASES

The Organization is committed under one real property lease for premises in Long Beach, California expiring July 31, 2021. Two leases are also held in South Korea: one that is expiring August 11, 2020 and the other expiring January 1, 2022.

Minimum lease payments required under the leases are as follows:

Year Ending December 31,	Total
2020	\$ 151,316
2021	116,247
2022	-
2023	-
2024	-
	\$ 267,563

Rental expenses for all operating leases, except those with terms of a month or less that were not renewed, were \$172,146 for the year ended December 31, 2019.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 are available for the following purposes:

Rescue fund	\$ 13,835
Changing the Narrative fund	14,106
Red Zone	51,609
Staff Care	<u>26,885</u>
	<u>\$ 106,435</u>

Net assets were released from restrictions during the year ended December 31, 2019 by incurring expenses satisfying the restricted purpose as follows:

Rescue fund	\$ 342,376
Resettlement fund	760
Changing the Narrative fund	187,339
Stateless Children fund	1,012
Red Zone fund	198,391
Staff Care	3,115
Due to Time	<u>400,000</u>
	<u>\$ 1,132,993</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, 2019 was \$37,638.

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, 2019 was \$93,846. See Note 2, Concentration of Credit Risk, for foreign cash amounts held in the Organization.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 10 – CONCENTRATIONS

During the year ended, approximately 37 percent of the Organization's support was received from seven donors and 62 percent of contribution receivables are from three donors during the year ended December 31, 2019.

NOTE 11 – RELATED PARTIES

The Organization received donations from board members in the amount of \$539,100 during the year ended December 31, 2019.

NOTE 12 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

During the year ended December 31, 2019, the Organization paid \$29 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 \$13,000. 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 \$26,992 to the plan for the year ended December 31, 2019.

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 \$16,548 for the year ended December 31, 2019.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 14 – SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus (“COVID-19”) was reported in Wuhan, China. The World Health Organization has declared COVID-19 to constitute a “Public Health Emergency of International Concern.” The Organization, along with the rest of the world, is closely monitoring the emergence of the coronavirus. The Organization is taking the necessary precautions outlined by the World Health Organization to maintain a healthy workforce and minimize the spread of the virus. As of the date of the financial report, the Organization has adjusted its fundraising and spending due to COVID-19, projecting a decrease of 15% in fundraising compared to what was originally budgeted and a 15-20% decrease in spending due to travel restrictions in various parts of Asia.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Securities (CARES) Act was signed into law. The CARES Act stimulus package included a new forgivable loan product offered through the Small Business Administration. The Payroll Protection Program (PPP) is designed to assist employers with employee retention and the continuation of payroll during the pandemic. In April, 2020, the Organization received a PPP loan from the bank in the amount of \$238,600. The Organization applied for loan forgiveness in the full amount and as of the date of the financial report, does not know if the full amount of the loan will be forgiveness. Any loan amounts not forgiven are repayable over two years with interest at 1.00%.

Management has evaluated subsequent events through October 23, 2020 the date the financial statements were available to be issued.