

LIBERTY IN NORTH KOREA

FINANCIAL STATEMENTS

December 31, 2024

(With Comparative totals for 2023)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Liberty in North Korea
Long Beach, California

Opinion

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, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Liberty in North Korea (the Organization) as of December 31, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the financial statements from which it has been derived.



Long Beach, California
April 14, 2025

LIBERTY IN NORTH KOREA

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

ASSETS

	December 31,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 1,256,724	\$ 1,224,405
Investments	1,309,660	1,482,569
Contributions receivable	412,514	317,724
Other assets	57,946	64,440
Property and equipment, net	61,839	53,230
Operating lease right-of-use assets	166,437	203,045
TOTAL ASSETS	\$ 3,265,120	\$ 3,345,413

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 19,655	\$ 44,082
Accrued liabilities	153,516	138,812
Operating lease liabilities	178,172	206,833
TOTAL LIABILITIES	351,343	389,727
NET ASSETS		
Without donor restrictions		
Undesignated	2,750,094	2,869,203
With donor restrictions	163,683	86,483
Total net assets	2,913,777	2,955,686
TOTAL LIABILITIES AND NET ASSETS	\$ 3,265,120	\$ 3,345,413

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

LIBERTY IN NORTH KOREA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT				
Contributions	\$ 3,558,779	\$ 1,252,349	\$ 4,811,128	\$ 4,255,760
Fiscal sponsorship fee support	6,865	-	6,865	48,366
Donated assets	584	-	584	78,404
Donated services	5,700	-	5,700	12,298
Net assets released from restrictions	1,175,149	(1,175,149)	-	-
Total support	<u>4,747,077</u>	<u>77,200</u>	<u>4,824,277</u>	<u>4,394,828</u>
REVENUE				
Special events, net of event expenses of \$140,410 and \$134,136, respectively	(34,777)	-	(34,777)	(2,771)
Inventory sales, net of cost of goods sold of \$4,467 and \$6,414, respectively	19,271	-	19,271	9,724
Interest income	84,426	-	84,426	107,881
Investment loss, net	(18,089)	-	(18,089)	(9,917)
Total revenue	<u>50,831</u>	<u>-</u>	<u>50,831</u>	<u>104,917</u>
TOTAL SUPPORT AND REVENUE	<u>4,797,908</u>	<u>77,200</u>	<u>4,875,108</u>	<u>4,499,745</u>
EXPENSES				
Program services	3,658,405	-	3,658,405	4,353,328
Fundraising	685,901	-	685,901	529,589
Management and general	572,711	-	572,711	554,084
Total expenses	<u>4,917,017</u>	<u>-</u>	<u>4,917,017</u>	<u>5,437,001</u>
CHANGE IN NET ASSETS	(119,109)	77,200	(41,909)	(937,256)
NET ASSETS, BEGINNING OF YEAR	<u>2,869,203</u>	<u>86,483</u>	<u>2,955,686</u>	<u>3,892,942</u>
NET ASSETS, END OF YEAR	<u>\$ 2,750,094</u>	<u>\$ 163,683</u>	<u>\$ 2,913,777</u>	<u>\$ 2,955,686</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, 2024 (WITH COMPARATIVE TOTALS FOR 2023)

	2024				2023
	Program Services	Fundraising	Management and General	Total	Total
Payroll expenses					
Salaries and wages	\$ 1,676,845	\$ 402,964	\$ 233,809	\$ 2,313,618	\$ 2,267,500
Employee benefits	334,620	79,454	51,127	465,201	339,863
Payroll taxes	86,081	31,631	17,225	134,937	127,073
Total payroll expenses	2,097,546	514,049	302,161	2,913,756	2,734,436
Advertising	13,399	-	-	13,399	9,235
Client assistance	178,884	-	-	178,884	179,785
Client housing	-	-	-	-	1,626
Client travel	49,591	-	-	49,591	44,950
Consultants	6,079	1,149	-	7,228	2,000
Depreciation and amortization expense	17,483	1,822	3,545	22,850	21,051
Dues and subscriptions	38,422	15,987	12,617	67,026	71,807
Facility and equipment rentals	14,331	132,462	534	147,327	145,615
Film production	386,401	-	-	386,401	1,169,681
Gifts and appreciation	5,462	1,717	9,601	16,780	20,863
Insurance	107	-	14,116	14,223	13,238
Legal and professional fees	217,496	18,885	63,425	299,806	140,240
Meals and entertainment	38,490	8,549	30,638	77,677	65,229
Merchant account fees	-	-	55,045	55,045	46,650
Other expense	39,661	6,001	9,242	127,512	33,301
Professional fundraising	-	55,000	-	55,000	-
Rent expense	82,125	10,450	7,245	99,820	120,466
Repairs and maintenance	5,539	1,419	800	7,758	8,215
Rescue expense	319,945	-	-	319,945	492,863
Supplies	4,989	5,401	2,576	12,966	19,336
Travel	150,670	31,690	59,276	241,636	213,726
Utilities	12,178	1,337	1,890	15,405	16,824
Total expenses	3,678,798	805,918	572,711	5,057,427	5,571,137
Less expenses included in the revenue section of the statement of activities	(20,393)	(120,017)	-	(140,410)	(134,136)
Total expenses included in the expenses section of the statement of activities	\$ 3,658,405	\$ 685,901	\$ 572,711	\$ 4,917,017	\$ 5,437,001

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, 2024
(WITH COMPARATIVE TOTALS FOR 2023)**

	For the Year Ended December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (41,909)	\$ (937,256)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	(22,850)	21,051
Net realized loss on disposal of assets	15,324	959
Stock donation received	(9,801)	(15,107)
Changes in operating assets and liabilities:		
Contributions receivable	(94,790)	394,612
Other assets	6,494	(13,750)
Accounts payable	(24,427)	38,268
Accrued liabilities	14,704	(9,872)
Operating lease right-of-use assets and liabilities	(9,271)	3,788
Net Cash Used In Operating Activities	<u>(166,526)</u>	<u>(517,307)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	38,519	(23,387)
Proceeds from sale of property and equipment	(22,384)	3,904
Purchases of investments	(968,598)	(311,389)
Proceeds from sale of investments	<u>1,151,308</u>	<u>1,301,689</u>
Net Cash Provided by Investing Activities	<u>198,845</u>	<u>970,817</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	32,319	453,510
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,224,405</u>	<u>770,895</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,256,724</u>	<u>\$ 1,224,405</u>

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

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

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 South Korea. The Organization’s main purpose is to work alongside the North Korean people to accelerate change by focusing on four primary strategic areas:

1. **Refugee Rescue & Resettlement Support - Helping North Korean refugees reach freedom and begin new lives.** 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. 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 support such as resettlement counseling, interpretation and translation services, emergency financial assistance, workshops, and community events. The Organization also acts as a resource for information and referrals to additional support services.
2. **Empowering Agents of Change - Building the capacity of North Korean defectors as agents of change.** When North Korean refugees successfully resettle in freedom, they become some of the most effective agents of change on this issue. Many maintain contact with their home communities, sending money and outside information back to their families, accelerating change within North Korea. North Korean refugees also have the unique opportunity to share their stories, insights, and perspectives on the global stage, educating audiences, advocating for the issue, and mobilizing international support. The Organization provides programs that seek to build capacity and provide support in the areas of mentorship, English language learning, entrepreneurship, life skills workshops, leadership and advocacy development, and scholarships for higher education.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 1 – Organization and Nature of Activities (Continued)

3. **Accelerating Change in North Korea - Researching, innovating, and incubating new ideas to empower the North Korean people inside the country with access to information and technology.** Through marketization and access to foreign information, the North Korean people have been creating and driving change inside the country over the last 20 years. The people's increasing autonomy and the proliferation of information from the outside world poses a powerful threat to the North Korean government's propaganda, ideology, and control. The Organization develops key strategies and projects around creating and curating content for North Korean audiences, new technologies to increase access to foreign media and information, and ways to improve digital security for North Korean people inside the country.
4. **Changing the Narrative on North Korea - Amplifying the stories and voices of North Korean people and mobilizing a global movement of support.** North Korea is more than dictators and nuclear weapons. When North Korean refugees share their voices, they challenge the regime's portrayal of an unchanging and monolithic country, instead highlighting the humanity and dynamism of North Korean people. Changing the narrative to focus on the people, not missiles, is crucial to accelerating progress on this issue and mobilizing the global community. 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. The Organization also 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. 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 Rescue Teams (chapters) around the world fundraise to rescue North Korean refugees and build support for the North Korean people in their local communities.

The Organization acts as a fiscal sponsor on behalf of a film project. To accept a project for fiscal sponsorship, the Organization vets each applicant's nonprofit purpose to the Internal Revenue Service 501(c)(3) standard and determines its viability for securing funding. The film project represents nonprofit activities to raise awareness of North Korean refugees. All the financial activity of the Organization's fiscally sponsored project is tracked as a component of net assets with donor restrictions in the accompanying financial statements. A small administration fee is charged and recorded as fiscal sponsorship fee support on the accompanying statement of activities.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

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 (“U.S. GAAP”).

Financial Statement Presentation

The Organization reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 (the “Board”).

With donor restrictions: Net assets subject to donor-imposed stipulations that may be maintained perpetually, or be fulfilled by actions of the Organization, pursuant to those stipulations, or that expire by the passage of time. Donor-imposed time and purpose restricted net assets for the year ended December 31, 2024, are described in Note 8. There were no perpetually restricted net assets as of December 31, 2024 and 2023.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

Reclassifications

Certain amounts in the December 31, 2023 financial statements have been reclassified to conform to the 2024 financial statement presentation.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Prior-Period Information

The financial statements include certain prior-period summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation uniformly with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Fair Value of Financial Instruments

Financial Accounting Standards Board guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 - Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques, and at least one significant model assumption or input is unobservable.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

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.

Investments

Investments are reported at fair value. Interest and dividend income and gains and losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulations or by law. Investments received through gifts are recorded at their estimated fair value at the date of donation.

Inventory

Inventory, which consists primarily of store items such as T-shirts, sweatshirts, tote bags, books, and DVDs, is valued at the lower of cost and net realizable value. Cost is determined by using the average cost method. Inventory is included as part of other assets on the statement of financial position.

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.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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 years to cause the Organization to believe there has been any impairment of the carrying value of its long-lived assets. There can be no assurance, however, that market or other conditions will not change in the future resulting in impairment of long-lived assets.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net 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.

Contributions Receivable

Unconditional promises to give are recorded as receivables and contributions, distinguishing between contributions received for each net asset class in accordance with donor-imposed restrictions. An allowance for uncollectible contributions receivable is provided, based on management's judgment, including such factors as prior collection history, type of contribution, nature of fundraising activity, and when time requirements are expected to be met. Management believes the remaining outstanding receivables as of December 31, 2024 are collectible in full and, accordingly, no allowance for uncollectible receivables has been provided. Additionally, all unconditional promises to give are expected to be collected within one year.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

Employees of the Organization are entitled to paid vacation days, which are accrued in the statement of financial position. Full-time employees may accrue up to a maximum of 336 hours, based on years of service, which may be paid out at the end of their employment period. Employees are also granted 12 sick days per calendar year, which are not an earned benefit. No payment of sick leave will be made upon termination of employment. The balance of accrued vacation was \$114,613 and \$100,769 for the years ended December 31, 2024 and 2023, respectively and is included in accrued liabilities on the accompanying statement of financial position.

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 the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. 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 (approximately \$34,000 and \$39,000 at December 31, 2024 and 2023, respectively, 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. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

LIBERTY IN NORTH KOREA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

U.S. 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.

Advertising Costs

The Organization uses advertising to change the narrative on North Korea. Advertising expense was \$13,399 and \$9,235 for the years ended December 31, 2024 and 2023, respectively.

Functional 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.

Leasing Arrangements

The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances.

The Organization's policy for determining its lease discount rate used for measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Organization has elected to use its incremental borrowing rate or the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

LIBERTY IN NORTH KOREA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Leasing Arrangements (Continued)

The Organization has elected a policy to account for short-term leases, defined as any lease with a term of 12 months or less, by recognizing that all components of the lease payment in the statement of activities in the period in which the obligation for the payments is incurred.

Subsequent Events

The Organization has evaluated the impact of subsequent events through April 14, 2025, the date the financial statements were available to be issued.

NOTE 3 – Liquidity and Availability of Financial Assets

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:

	December 31,	
	2024	2023
Cash and cash equivalents	\$ 1,256,724	\$ 1,224,405
Investments	1,309,660	1,482,569
Contributions receivable	<u>412,514</u>	<u>317,724</u>
	2,978,898	3,024,698
Less amount not available to be used within one year due to:		
Donor-imposed purpose or time restrictions	<u>(163,683)</u>	<u>(86,483)</u>
	<u><u>\$ 2,815,215</u></u>	<u><u>\$ 2,938,215</u></u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

LIBERTY IN NORTH KOREA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 4 – Investments

The following tables set forth by level, within the fair value hierarchy, the Organization's investments:

December 31, 2024				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,309,660	\$ -	\$ -	\$ 1,309,660
	<u>\$ 1,309,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,309,660</u>
December 31, 2023				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,467,463			\$ 1,467,463
Equity securities	15,106	\$ -	\$ -	15,106
	<u>\$ 1,482,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,482,569</u>

Total investment fees expense for the year ended December 31, 2024 amounted to \$57, which is netted with investment returns on the statement of activities.

LIBERTY IN NORTH KOREA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 5 – Property and Equipment

Property and equipment consisted of the following as of December 31, 2024 and 2023:

	December 31,	
	2024	2023
Furniture and fixtures	\$ 6,574	\$ 2,117
Computer equipment	87,759	88,910
Camera equipment	16,607	16,607
Phone equipment	10,149	11,371
Vehicles	-	47,439
	<u>121,089</u>	<u>166,444</u>
Less accumulated depreciation and amortization	<u>(59,250)</u>	<u>(113,214)</u>
	<u>\$ 61,839</u>	<u>\$ 53,230</u>

Depreciation and amortization expense was \$22,850 and \$21,051 for the years ended December 31, 2024 and 2023, respectively.

NOTE 6 – Leasing Arrangement

The Organization leases office space under noncancelable operating lease in Long Beach, California which expires February 2029. The lease includes a renewal option which can extend the lease term. The exercise of the renewal option is at the sole discretion of the Organization, and only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease right-of-use assets and liabilities. There was no instance of reasonably certain extension being included in the measurement as of December 31, 2024. The Organization also rents facilities and equipment on a short-term basis. Facility and equipment rent expense, which is included in “facility and equipment rental” and “rent expense” on statement of functional expenses totaled \$201,629 and \$179,559 for the years ended December 31, 2024 and 2023, respectively.

The agreement provides for escalating payments over the life of the term. Variable payments not determinable at lease commencement are not included in the measurement of the lease right-of-use assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants.

LIBERTY IN NORTH KOREA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024
(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 6 – Leasing Arrangement (Continued)

The components of operating lease expenses that are included in "Expenses" in the statement of activities were as follows:

	For the Year Ended December 31,	
	2024	2023
Operating lease costs	\$ 45,518	\$ 86,522
Short-term and variable lease costs	201,629	179,559
	<u>\$ 247,147</u>	<u>\$ 266,081</u>

The following summarizes the cash flow information related to operating leases:

	For the Year Ended December 31,	
	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 44,136	\$ 45,642
Noncash investing and financing activity:		
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -	\$ 208,965

The weighted-average remaining lease term and discount rate were as follows:

	For the Year Ended December 31,	
	2024	2023
Weighted-average remaining lease term - operating leases	4.17 years	4.83 years
Weighted-average discount rate - operating leases	4.18%	4.18%

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 6 – Leasing Arrangement (Continued)

The maturities of operating lease liabilities are as follows:

<u>Year Ending December 31,</u>		
2025	\$	45,460
2026		46,823
2027		48,228
2028		49,675
2029		<u>8,443</u>
Total minimum lease payments		198,629
Less amount representing interest		<u>(20,457)</u>
Present value of minimum lease payments		178,172
Less current portion		<u>(38,565)</u>
	\$	<u>139,607</u>

NOTE 7 – Accrued Liabilities

Accrued liabilities consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Accrued vacation	\$ 114,613	\$ 100,769
Liabilities in South Korea	37,238	37,493
Other accrued expenses	<u>1,665</u>	<u>550</u>
	<u>\$ 153,516</u>	<u>\$ 138,812</u>

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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024

(WITH COMPARATIVE TOTALS FOR 2023)

NOTE 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes for the years ended December 31, 2024 and 2023:

	Available December 31, 2023	New Revenue	Expenditures Release from Restrictions	Available December 31, 2024
Rescue and Resettlement fund	\$ -	\$ 285,708	\$ (285,708)	\$ -
Vision	-	152,832	(152,832)	-
Film fund fiscal sponsorship (Note 1)	-	387,821	(387,821)	-
Bao Sei Scholarship fund	86,483	-	(22,800)	63,683
Labs	-	325,988	(325,988)	-
General operations - time restricted	-	100,000	-	100,000
	<u>\$ 86,483</u>	<u>\$ 1,252,349</u>	<u>\$ (1,175,149)</u>	<u>\$ 163,683</u>

NOTE 9 – Special Events

Revenue generated from special events is summarized as follows for the year ended December 31, 2024:

	December 31, 2024		
	LA Gala Night	NY Gala Night	Total
Proceeds from auctioned items at fundraiser	\$ 35,633	\$ -	\$ 35,633
Sponsorships received at fundraiser	60,000	10,000	70,000
Less: costs of direct benefit to donors	(91,629)	(48,781)	(140,410)
	<u>\$ 4,004</u>	<u>\$ (38,781)</u>	<u>\$ (34,777)</u>

Contributions of \$1,130,340 and \$222,000 were received from the LA Gala and NY Gala, respectively, which are included in contributions on the statement of activities.

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NOTE 10 – Foreign Operations

Operations outside the United States include an office in South Korea. 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 were \$81,521 and \$121,831 for the years ended December 31, 2024 and 2023, respectively.

NOTE 11 – Concentrations

During the year ended December 31, 2023, the Organization received approximately 10% of its support from one donor. There was no significant concentration of support in the fiscal year ended December 31, 2024. As of December 31, 2024, and 2023, approximately 85% and 64% of the Organization's contribution receivables were from two donors and one donor, respectively.

NOTE 12 – Related Parties

The Organization received donations from Board members of \$570,003 and \$775,092 for the years ended December 31, 2024 and 2023, respectively.

NOTE 13 – Retirement Plan

The Organization provides full-time employees an opportunity to participate in a 401(k) plan in which the Organization will match up to 5% of the employees' contributions. For the years ended December 31, 2024 and 2023, the Organization contributed \$80,726 and \$74,999, respectively, to the plan.

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 starting pay towards retirement. For the years ended December 31, 2024 and 2023, the Organization contributed \$22,263 and \$21,090, respectively.

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NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2024 (WITH COMPARATIVE TOTALS FOR 2023)

NOTE 14 - Contribution of Non-Financial Assets

During the years ended December 31, 2024, and 2023, contributed nonfinancial assets recognized within the statement of activities included:

	For the Year Ended December 31,		Program/Activity Utilization	Valuation Techniques and Inputs
	2024	2023		
Legal services	\$ 5,700	\$ 12,298	Management and General	Current market rate for services
Donated lodging	-	34,254	Management and General	Current market rate for rental facilities
Donated tickets	-	2,785	Fundraising	Current market rate for similar goods
Auction items	584	41,365	Fundraising	Current market rate for similar goods
	<u>\$ 6,284</u>	<u>\$ 90,702</u>		

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 Organization receives miscellaneous donated items such as supplies and equipment for operating use, and event tickets to be sold at fundraising events. The donated items are recorded at estimated fair market value at the date of donation, if significant.

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.