

VICTORY MINISTRIES of ALASKA, INC.

REVIEWED FINANCIAL STATEMENTS
For the Years Ended
December 31, 2023 and 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Victory Ministries of Alaska, Inc.
Wasilla, Alaska

We have reviewed the accompanying financial statements of Victory Ministries of Alaska, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to entity management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Victory Ministries of Alaska, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT, continued

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The accompanying supplementary information included in the Schedules of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Schedules of Functional Expenses is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The Schedules of Functional Expenses has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the Schedules of Functional Expenses. We have not audited the supplementary information and do not express an opinion on such information.

Albar & Company

Anchorage, Alaska

July 31, 2024

Victory Ministries of Alaska, Inc.
 Statements of Financial Position
 As of December 31, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash	\$ 1,553,810	\$ 1,251,597
Short term investments subject to restrictions	337,084	312,474
Inventory	64,883	35,359
Prepaid expenses	<u>48,225</u>	<u>59,473</u>
Total Current Assets	2,004,002	1,658,903
Property and equipment, net of accumulated depreciation	<u>4,136,281</u>	<u>3,951,476</u>
Total Assets	<u>\$ 6,140,283</u>	<u>\$ 5,610,379</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 121,354	\$ 175,969
Accrued payroll and related expenses	10,430	9,087
Other current liabilities	12,000	10,000
Deferred revenue	<u>16,061</u>	<u>8,765</u>
Total Current Liabilities	<u>159,845</u>	<u>203,821</u>
Total Liabilities	<u>159,845</u>	<u>203,821</u>
Net Assets:		
Without donor restrictions	4,909,298	4,700,965
With donor restrictions	<u>1,071,140</u>	<u>705,593</u>
Total Net Assets	<u>5,980,438</u>	<u>5,406,558</u>
Total Liabilities and Net Assets	<u>\$ 6,140,283</u>	<u>\$ 5,610,379</u>

See Independent Accountant's Review Report and the Accompanying Notes to the Financial Statements.

Victory Ministries of Alaska, Inc.
Statements of Activities
For the Years ended December 31, 2023 and 2022

Changes in net assets without donor restrictions:

	<u>2023</u>	<u>2022</u>
Revenues and gains:		
Program revenue	\$ 1,130,391	\$ 1,039,289
Unrestricted contributions	307,247	231,574
Grant income	30,000	-
Other income	14,793	21,193
Gain on disposal of assets	25,775	17,972
Unrestricted Investment income, net	<u>10,500</u>	<u>(13,989)</u>
Total revenues and gains without donor restrictions	1,518,706	1,296,039
Net assets released from restrictions:		
Satisfied by payments	<u>758,166</u>	<u>631,712</u>
Total revenues, gains, and other support without donor restrictions	<u>2,276,872</u>	<u>1,927,751</u>
Expenses:		
Program expenses	1,823,549	1,701,350
General and administrative	<u>244,990</u>	<u>194,564</u>
Total expenses	<u>2,068,539</u>	<u>1,895,914</u>
Change in net assets without donor restrictions	<u>208,313</u>	<u>31,837</u>

Changes in net assets with donor restrictions:

Contributions	1,110,190	762,935
Investment return, net	13,523	(16,607)
Net assets released from restrictions	<u>(758,166)</u>	<u>(631,712)</u>
Change in net assets with donor restrictions	<u>365,547</u>	<u>114,616</u>
Change in net assets	573,880	146,453
Net Assets at Beginning of Year	<u>5,406,558</u>	<u>5,260,105</u>
Net Assets at End of Year	<u>\$ 5,980,438</u>	<u>\$ 5,406,558</u>

See Independent Accountant's Review Report and the Accompanying Notes to the Financial Statements.

Victory Ministries of Alaska, Inc.
Statements of Cash Flows
For the Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 573,880	\$ 146,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	191,714	179,392
Noncash contributions received and capitalized	(97,063)	-
Loss (Gain) on disposal of property	(25,775)	(17,972)
Unrealized (gains) losses on investments	(23,356)	32,968
(Increase) decrease in:		
Tax credit receivable	-	26,367
Inventory	(29,525)	(7,350)
Prepaid expenses	11,248	(9,435)
Increase (decrease) in:		
Accounts payable	(54,615)	30,412
Accrued payroll and related expenses	3,344	3,668
Deferred revenue	<u>7,296</u>	<u>8,765</u>
Net Cash Provided by Operating Activities	<u>557,148</u>	<u>393,268</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property	25,890	22,082
Book value of assets sold	(115)	(4,110)
Investment income reinvested	(669)	(2,372)
Purchase of property	<u>(280,041)</u>	<u>(142,481)</u>
Net Cash (Used) for investing Activities	<u>(254,935)</u>	<u>(126,881)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
NET INCREASE (DECREASE) IN CASH		
	302,213	266,387
Beginning Cash – Restricted and Unrestricted	<u>1,251,597</u>	<u>985,210</u>
Ending Cash – Restricted and Unrestricted	<u>\$ 1,553,810</u>	<u>\$ 1,251,597</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ <u> -</u>	\$ <u> -</u>
Income taxes paid (received)	\$ <u> -</u>	\$ <u> -</u>
Property acquired by donation	\$ <u> 97,063</u>	\$ <u> -</u>

See Independent Accountant’s Review Report and the Accompanying Notes to the Financial Statements.

Victory Ministries of Alaska, Inc.
Notes to the Financial Statements
For the Years ended December 31, 2023 and 2022

Note 1 - Description of the Organization

Organization. Victory Ministries of Alaska, Inc. (VMI), formerly Victory Ministries, Inc. is a non-profit corporation organized under the laws of the State of Alaska in 1992. The major sources of support are camping program fees, and unrestricted and donor-restricted contributions. A board of directors governs the organization.

Mission. The vision statement of VMI is “Victory in Christ through Christian camping in Alaska.” The mission statement is “Victory Ministries exists to evangelize and disciple children, youth and adults in Alaska for Jesus Christ through Christian camping.” Camping is our primary reason for being. We facilitate retreats and conferences, etc., to further the camping ministry, and to live out Matthew 28:19-20 throughout the year.

Activities. Its major activities consist of operating two Bible camps located in the Fairbanks, Alaska (LIWA) and Sutton, Alaska (Victory Bible Camp) areas.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation. The financial statements of VMI have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles (US GAAP), which require VMI to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of VMI or by the passage of time. Other donor restrictions may be perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations. The statements of activities report all changes in net assets, including changes in net assets from operating activities.

Cash and Equivalents. VMI considers demand deposits and all highly liquid investments purchased with a maturity of three months or less to be cash or cash equivalents.

Investments Subject to Restrictions. VMI classifies equity and debt investments with longer than three months maturities and subject to donor restricted and board designated restrictions as investments subject to restrictions.

Victory Ministries of Alaska, Inc.
Notes to the Financial Statements
For the Years ended December 31, 2023 and 2022

Note 2 - Summary of Significant Accounting Policies, continued

Accounts Receivable. Accounts receivable consist primarily of amounts due from groups for camp attendance. Management does not believe that any of the receivables are at risk of not being collected and accordingly does not believe an allowance for doubtful accounts is necessary. Management on a regular basis reviews receivables and when an account is deemed uncollectible, it is written off directly to bad debt expense.

Inventory. Inventory consists of food and supplies used in operations and items for resale in the camp stores. It is carried on the cost basis, first in, first out.

Property and Equipment. Property and equipment is recorded at cost. Additions with a cost or fair value of less than \$2,500 are expensed. Maintenance and repairs, including replacement of minor items, are expensed as incurred. Depreciation is provided using the straight-line method over their estimated useful lives of 5 to 40 years.

Deferred Revenue. Deferred revenue consists of deposits made by individuals or groups for future horse or dog training programs received before the fiscal year end that are intended for use in the following fiscal period.

Contributions and Grant Revenues. 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 without donor restrictions are reported as changes in net assets without donor restrictions.

Noncash donations are valued in accordance with Internal Revenue Service regulations using independent appraisals when relevant, widely distributed valuations services or current market prices for identical goods or services.

All donor restricted contributions are 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 restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Grant revenue is recognized when expenditures are incurred that meet the requirements of each grant. Donor restricted contributions whose restrictions are satisfied in the same period of the contributions received are classified as unrestricted contributions.

Income Tax Status. VMI is a nonprofit religious organization exempt from federal income taxes under the provisions of Section 501(c) (3) of the Internal Revenue Code, except on net income derived from unrelated business income, if any. Accordingly, no provision for income taxes is provided in these financial statements.

Victory Ministries of Alaska, Inc.
Notes to the Financial Statements
For the Years ended December 31, 2023 and 2022

Note 2 - Summary of Significant Accounting Policies, continued

Functional Expenses. The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between program and general and administrative expenses. Management on an equitable basis determines such allocations.

The functional expenses that are allocated, include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Insurance	Estimated benefit
Office expense	Specific cost
Professional fees	Specific cost
Utilities	Specific cost
Repair & maintenance	Specific cost

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Management Review. Management has evaluated events occurring after December 31, 2023 through July 31, 2024, the date the financial statements were available to be issued, for events that should be disclosed to prevent the financial statements from being materially misleading. The reader should reference Note 11 regarding the property tax dispute for the latest information available on that issue.

Note 3 - Concentration of Credit Risk

Financial instruments that potentially subject VMI to concentrations of credit risk consist principally of temporary cash investments. VMI cash deposited in one bank exceeds the FDIC insured amount by \$1,242,877 and \$957,605 at December 31, 2023 and 2022, respectively and for periods throughout the year.

Victory Ministries of Alaska, Inc.
Notes to the Financial Statements
For the Years ended December 31, 2023 and 2022

Note 4 - Property and Equipment

Property and equipment consist of the following at December 31:	<u>2023</u>	<u>2022</u>
Construction in process	\$ 1,651,076	\$ 1,630,830
Land, buildings and improvements	6,003,148	5,883,460
Heavy equipment	291,868	241,868
Operating equipment, furniture and fixtures	409,228	393,806
Horses	55,502	51,502
Vehicles	<u>295,972</u>	<u>139,994</u>
	8,706,794	8,341,460
Less: accumulated depreciation	<u>(4,570,513)</u>	<u>(4,389,984)</u>
Property and Equipment, net	<u>\$ 4,136,281</u>	<u>\$ 3,951,476</u>

Depreciation expense was \$191,714 and \$179,392 for the years ended December 31, 2023 and 2022.

Note 5 - Net Assets

Net assets were as follows at December 31:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purposes:		
Camp and horseback riding scholarships	\$ 157,719	\$ 147,411
Camp scholarship legacy endowment	35,544	31,685
Missionary wages support	551,953	268,609
LIWA Dining Hall improvements	145,924	129,906
Miscellaneous capital improvements	<u>180,000</u>	<u>127,982</u>
Total Net Assets with Donor Restrictions	<u>1,071,140</u>	<u>705,593</u>
Without donor restrictions:		
Board designated reserve fund	200,000	200,000
Board designated other	16,692	144,752
Undesignated	<u>4,692,606</u>	<u>4,356,213</u>
Total Net Assets without Donor Restrictions	<u>4,909,298</u>	<u>4,700,965</u>
Total Net Assets	<u>\$ 5,980,438</u>	<u>\$ 5,406,558</u>

Victory Ministries of Alaska, Inc.
Notes to the Financial Statements
For the Years ended December 31, 2023 and 2022

Note 6 – Donor Restricted Net Assets Released from Restrictions

Donor restricted net assets released from restrictions during the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Camp and horseback riding scholarships	\$ 47,576	\$ 46,135
Missionary wages support	596,738	479,634
LIWA Dining Hall capital improvements	31,076	19,277
LIWA Cabins	31,144	58,275
Miscellaneous capital improvements	<u>51,612</u>	<u>28,391</u>
Total	<u>\$ 758,146</u>	<u>\$ 631,712</u>

Note 7 - Availability and Liquidity

VMI's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,553,810	\$ 1,251,597
Short term investments	337,084	312,474
Accounts receivable	-	-
Total financial assets	<u>1,890,894</u>	<u>1,564,071</u>
Less amounts not available for general expenditures		
Within one year:		
Deferred revenue	-	(8,765)
Net assets with donor restrictions	<u>(1,071,140)</u>	<u>(705,593)</u>
	<u>(1,071,140)</u>	<u>(714,358)</u>
Financial assets available to meet general expenditures		
Over the next twelve months	<u>\$ 819,754</u>	<u>\$ 849,713</u>

It is VMI's goal is to maintain minimum financial assets available of \$300,000 on a current basis.

Note 8 - Investments at Fair Value

In accordance with FASB ASC 820-10-50-9, the Company reports fair value on investments based on the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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 measurements). The three levels of the fair value hierarchy are described below:

Victory Ministries of Alaska, Inc.
Notes to the Financial Statements
For the Years ended December 31, 2023 and 2022

Note 8 - Investments at Fair Value, continued

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to their fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Money Market Account: Principal plus accrued interest.

Debt Securities: Daily prices quoted in public markets.

Investments through Community Foundation: Most recent audited financial statements of community foundation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company's investments at fair values as of December 31, 2023, and 2022.

Victory Ministries of Alaska, Inc.
Notes to the Financial Statements
For the Years ended December 31, 2023 and 2022

Note 8 - Investments at Fair Value, continued

Assets at Fair Value as of December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market account	\$ 100,371	\$ -	\$ -	\$ 100,371
Debt Securities	108,450	-	-	108,450
Investments through Community foundation	<u>-</u>	<u>-</u>	<u>128,263</u>	<u>128,263</u>
Total assets at fair value	<u>\$ 208,821</u>	<u>\$ -</u>	<u>\$ 128,263</u>	<u>\$ 337,084</u>

Assets at Fair Value as of December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market account	\$ 100,395	\$ -	\$ -	\$ 100,395
Debt Securities	97,339	-	-	97,339
Investments through Community foundation	<u>-</u>	<u>-</u>	<u>114,740</u>	<u>114,740</u>
Total assets at fair value	<u>\$ 197,734</u>	<u>\$ -</u>	<u>\$ 114,740</u>	<u>\$ 312,474</u>

Note 9 - Donated Services, Materials, Property and Facilities

VMI receives significant donated services from a variety of unpaid volunteers. In accordance with FASB ASC 958-605-50-1, no financial recognition of those services is presented in these financial statements. However, donations of materials, equipment and other tangible assets are recognized as contributions at their estimated current value.

Note 10 - Donor Restricted Contributions Received

VMI's support comes primarily from individuals, organizations and businesses and are dependent on voluntary contributions. Individuals on staff generally raise their own individual support from others outside of the Organization, which is tracked by individual staff member. Other donors may restrict their contributions to various other capital project or specified purposes authorized by the board of directors.

Victory Ministries of Alaska, Inc.
Notes to the Financial Statements
For the Years ended December 31, 2023 and 2022

Note 11 – Real Property Tax Dispute

The Fairbanks North Star Borough (FNSB) currently contends that certain residential properties on the LIWA campus in the Borough are taxable and not eligible for non-profit exemption from real estate tax assessments. VMI paid, under protest, \$66,203 and \$76,213 in 2023 and 2022, respectively and similar amounts in 2021 and 2020. The Fairbanks North Star Borough appealed a lower court decision in VMI's favor to the Alaska Supreme Court, which heard the case in December 2021. In late 2022 they reached a decision to return the issue to the lower court with no decision, for mechanical/procedural reasons.

VMI continues to challenge FNSB's decision to assess tax on the not for profit Organization's residential properties, but is continuing to pay the real estate taxes on a current basis. In the event that VMI eventually prevails, they will receive the amounts paid with interest of 8% per annum.

Victory Ministries of Alaska, Inc.
Schedules of Functional Expenses
For the Years ended December 31, 2023 and 2022

2023

	Total	Program	General and Administrative	Facilities
Salaries and benefits	\$ 712,837	\$ 652,702	\$ 60,135	\$ -
Office expenses	53,176	-	53,176	-
Insurance	72,023	72,023	-	-
Maintenance and repair	118,666	26,850	-	91,816
Transportation	68,685	68,685	-	-
Program materials and speakers	70,720	49,595	21,125	-
Animal care	86,706	86,706	-	-
Technology	11,100	-	11,100	-
Staff expense	13,653	13,653	-	-
Property taxes	66,203	-	-	66,203
Utilities	195,685	195,685	-	-
Professional fees	96,682	-	96,682	-
Operating supplies	245,507	243,628	1,879	-
Telephone	11,917	11,024	893	-
Cost of goods sold	53,264	53,264	-	-
Depreciation	191,714	135,074	-	56,640
Facilities	<u>-</u>	<u>214,659</u>	<u>-</u>	<u>(214,659)</u>
Total functional expenses	<u>\$ 2,068,539</u>	<u>\$ 1,823,549</u>	<u>\$ 244,990</u>	<u>\$ -</u>

2022

	Total	Program	General and Administrative	Facilities
Salaries and benefits	\$ 600,564	\$ 531,527	\$ 69,037	\$ -
Office expenses	48,532	9,432	39,100	-
Insurance	60,633	60,633	-	-
Maintenance and repair	130,552	13,469	-	117,083
Transportation	71,715	71,715	-	-
Program materials and speakers	61,693	40,567	21,126	-
Animal care	68,220	68,220	-	-
Technology	24,698	12,630	-	-
Staff expense	3,056	3,056	-	-
Property taxes	76,213	-	-	76,213
Utilities	256,396	256,396	-	-
Professional fees	51,732	-	51,732	-
Operating supplies	182,932	182,932	-	-
Telephone	11,993	10,492	1,501	-
Cost of goods sold	67,593	67,593	-	-
Depreciation	179,392	122,752	-	56,640
Facilities	<u>-</u>	<u>249,936</u>	<u>-</u>	<u>(249,936)</u>
Total functional expenses	<u>\$ 1,895,914</u>	<u>\$ 1,701,350</u>	<u>\$ 194,564</u>	<u>\$ -</u>

See Independent Accountant's Review Report