

Financial Statements

Victory Ministries of Alaska, Inc.

Years ended December 31, 2025 and 2024



Victory Ministries of Alaska, Inc.

Years ended December 31, 2025 and 2024

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Independent Accountant's Review Report

To the Board of Directors
Victory Ministries of Alaska, Inc.
Glacier View, Alaska

We have reviewed the accompanying financial statements of Victory Ministries of Alaska, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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 engagement 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 review.

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

Accountant's Conclusion

Based on our review, 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.

Other Matter – 2024 Financial Statements

The financial statements of Victory Ministries of Alaska, Inc. as of December 31, 2024, were reviewed by other accountants whose report dates July 31, 2025, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Swalling & Associates, P.C.

Anchorage, Alaska
October 9, 2026

Victory Ministries of Alaska, Inc.
Statements of Financial Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets:		
Cash:		
Cash and cash equivalents	\$ 1,754,361	\$ 1,386,057
Cash designated for building replacement	706,838	-
Short-term investments, subject to restrictions	832,438	787,252
Inventory	65,972	73,694
Prepaid expenses	123,861	32,115
Total current assets	3,483,470	2,279,118
Property and equipment, net of accumulated depreciation	4,639,849	4,189,734
Total assets	<u>\$ 8,123,319</u>	<u>\$ 6,468,852</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 108,968	\$ 100,646
Accrued payroll liabilities	87,031	-
Deferred revenue	14,694	-
Deposits	13,800	14,800
Current portion of long-term debt	21,691	-
Total current liabilities	246,184	115,446
Long-term debt, net of current portion	216,100	-
Total liabilities	462,284	115,446
Net assets:		
Without donor restrictions	6,174,979	5,199,971
With donor restrictions	1,486,056	1,153,435
Total net assets	7,661,035	6,353,406
Total liabilities and net assets	<u>\$ 8,123,319</u>	<u>\$ 6,468,852</u>

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

Victory Ministries of Alaska, Inc.
Statements of Activities
Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Changes in net assets without donor restrictions:		
Revenues and gains:		
Program revenues	\$ 1,392,270	\$ 1,317,308
Unrestricted contributions	335,922	353,453
Grant revenues	-	36,500
Gain on disposal of assets	2,456	8,631
Investment income, net	28,986	19,707
Gain on insurance recovery	706,838	-
Other	18,325	12,746
	<u>2,484,797</u>	<u>1,748,345</u>
Total revenues and gains	2,484,797	1,748,345
Net assets released from restrictions - satisfaction of purpose restrictions	<u>1,257,392</u>	<u>1,026,095</u>
Total revenues, gains and other support without donor restrictions	<u>3,742,189</u>	<u>2,774,440</u>
Expenses:		
Program expenses	2,464,853	2,182,337
General and administrative	302,328	301,430
	<u>2,767,181</u>	<u>2,483,767</u>
Total expenses	2,767,181	2,483,767
Change in net assets without donor restrictions	<u>975,008</u>	<u>290,673</u>
Changes in net assets with donor restrictions:		
Contributions	1,573,902	1,094,499
Investment income, net	16,111	13,891
Net assets released from restrictions	<u>(1,257,392)</u>	<u>(1,026,095)</u>
Change in net assets with donor restrictions	<u>332,621</u>	<u>82,295</u>
Change in net assets	1,307,629	372,968
Net assets at beginning of year	<u>6,353,406</u>	<u>5,980,438</u>
Net assets at end of year	<u><u>\$ 7,661,035</u></u>	<u><u>\$ 6,353,406</u></u>

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

Victory Ministries of Alaska, Inc.
Statements of Functional Expenses
Years ended December 31, 2025 and 2024

	2025			
	Program Services	Supporting Services		Totals
		General and Administrative	Facilities	
Salaries and benefits	\$ 1,002,188	\$ 32,885	\$ -	\$ 1,035,073
Operating supplies	308,459	-	-	308,459
Depreciation	74,145	-	135,051	209,196
Utilities	208,942	-	-	208,942
Professional fees	-	177,401	-	177,401
Insurance	96,544	5,237	50,122	151,903
Animal care	125,221	-	-	125,221
Maintenance and repair	26,101	-	90,907	117,008
Program materials and speakers	84,405	-	-	84,405
Transportation	73,397	-	-	73,397
Cost of goods sold	73,198	-	-	73,198
Property taxes	-	-	69,370	69,370
Office expenses	-	64,931	-	64,931
Staff expense	27,108	-	-	27,108
Technology	-	20,887	-	20,887
Telephone	10,198	987	-	11,185
Interest expense	9,497	-	-	9,497
Facilities	345,450	-	(345,450)	-
Total functional expenses	<u>\$ 2,464,853</u>	<u>\$ 302,328</u>	<u>\$ -</u>	<u>\$ 2,767,181</u>
	2024			
	Program Services	Supporting Services		Totals
		General and Administrative	Facilities	
Salaries and benefits	\$ 751,921	\$ 130,783	\$ -	\$ 882,704
Operating supplies	344,195	-	-	344,195
Depreciation	75,865	-	126,134	201,999
Utilities	240,139	-	-	240,139
Insurance	88,173	4,004	46,148	138,325
Professional fees	-	102,325	-	102,325
Animal care	95,540	-	-	95,540
Program materials and speakers	91,774	-	-	91,774
Maintenance and repair	16,973	-	66,167	83,140
Transportation	76,506	-	-	76,506
Cost of goods sold	70,411	-	-	70,411
Property taxes	-	-	66,441	66,441
Office expenses	-	45,941	-	45,941
Technology	-	17,393	-	17,393
Staff expense	15,125	-	-	15,125
Telephone	10,825	984	-	11,809
Facilities	304,890	-	(304,890)	-
Total functional expenses	<u>\$ 2,182,337</u>	<u>\$ 301,430</u>	<u>\$ -</u>	<u>\$ 2,483,767</u>

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

Victory Ministries of Alaska, Inc.
Statements of Cash Flows
Years ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 1,307,629	\$ 372,968
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	209,196	201,999
Noncash contribution received and capitalized	-	(39,531)
Gain on disposal of assets	(2,456)	(8,631)
Realized losses on investments	85	-
Unrealized gains on investments	(21,756)	(26,452)
(Increase) decrease in assets:		
Inventory	7,722	(8,810)
Prepaid expenses	(91,746)	16,111
Increase (decrease) in liabilities:		
Accounts payable	8,322	(20,708)
Accrued payroll liabilities	87,031	(10,430)
Deposits	(1,000)	2,800
Deferred revenue	14,694	(16,061)
Net cash provided by operating activities	<u>1,517,721</u>	<u>463,255</u>
Cash flows used in investing activities:		
Proceeds from sale of property and equipment	3,700	15,460
Purchase of property and equipment	(660,555)	(235,270)
Book value of assets sold	-	(6,829)
Investment income reinvested	(23,515)	(404,369)
Net cash used in investing activities	<u>(680,370)</u>	<u>(631,008)</u>
Cash flows provided by financing activities:		
Loan proceeds from long-term debt	275,000	-
Principal payments on long-term debt	(37,209)	-
Net cash provided by financing activities	<u>237,791</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,075,142	(167,753)
Cash and cash equivalents, beginning of year	<u>1,386,057</u>	<u>1,553,810</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,461,199</u></u>	<u><u>\$ 1,386,057</u></u>
Supplemental disclosure:		
Interest paid	<u><u>\$ 9,497</u></u>	<u><u>\$ 308</u></u>
Property acquired by donation	<u><u>\$ -</u></u>	<u><u>\$ 39,531</u></u>

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

Victory Ministries of Alaska, Inc.
Notes to Financial Statements
Years ended December 31, 2025 and 2024

Note 1: Description of the Organization

Organization and Nature of Activities

Victory Ministries of Alaska, Inc. (VMI) 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.

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

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.

Note 2: Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of VMI have been prepared in accordance with accounting principles generally accepted in the United States of America, which requires 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. From time to time, the Board may designate net assets without donor restrictions for specific operational or other purposes.

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 or by the passage of time. Other donor restrictions are 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.

Victory Ministries of Alaska, Inc.
Notes to Financial Statements (Continued)
Years ended December 31, 2025 and 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The financial statements of VMI have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Use of Estimates

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

Fair Value of Financial Instruments

VMI's financial instruments consist of cash and cash equivalents, investments, accounts payable and other accrued expenses, and long-term debt. VMI estimates that the fair value of these non-derivative financial instruments do not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statements of financial position.

Cash and Cash Equivalents

VMI considers demand deposits and all highly liquid investments with original maturities of three months or less to be cash or cash equivalents.

In 2025, a VMI structure, Spruce Lodge, was damaged by fire. During the year ended December 31, 2025, VMI received related insurance proceeds of \$706,838. The Board of Directors designated the proceeds for the replacement or rebuilding of the damaged property. Accordingly, VMI presents these amounts separately from cash and cash equivalents available for general operating purposes as cash designated for building replacement in the accompanying statements of financial position. The Board designation represents an internal limitation on the use of the funds and does not constitute a donor restriction. The Board has the authority to modify or remove the designation at any time.

The following provides a reconciliation of cash, cash equivalents, and board-designated cash reported within the statements of financial position at December 31:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,754,361	\$ 1,386,057
Cash designated for building replacement	<u>706,838</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 2,461,199</u>	<u>\$ 1,386,057</u>

Victory Ministries of Alaska, Inc.
Notes to Financial Statements (Continued)
Years ended December 31, 2025 and 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Investments

VMI reports investments in equity securities with readily determinable fair values and debt securities at fair value. Realized and unrealized gains and losses are included in the change in net assets in the statements of activities. Investments subject to donor restrictions are classified within net assets with donor restrictions until the applicable donor restrictions are satisfied.

Inventory

Inventory consists of food and supplies used in operations and items held for resale in the camp stores. Purchased inventory is stated at the lower of cost, determined using the first in, first out method, or net realizable value. Donated inventory, if any, is recorded at fair value at the date of donation.

Property and Equipment

Property and equipment are recorded at cost if purchased and at fair value at the date of donation if contributed. VMI capitalizes property and equipment with a cost or fair value of \$2,500 or more. Expenditures for maintenance, repairs, and minor replacements are expensed as incurred. Depreciation is computed using the straight-line method over the assets estimated useful lives, ranging from 5 to 40 years.

Program Revenues

Program service revenue consists primarily of camp, retreat, conference, and other event-related fees. Revenue is recognized when the related services are provided and VMI's performance obligations are satisfied. Payment is generally due before or at the time services are provided. Amounts received in advance are recorded as deferred revenue and recognized as revenue when the related performance obligations have been satisfied.

Contributions and Grant Revenues

Contributions are recognized when cash, other assets, or unconditional promises to give are received. Contributions are reported as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and nature of any donor-imposed restrictions.

Victory Ministries of Alaska, Inc.
Notes to Financial Statements (Continued)
Years ended December 31, 2025 and 2024

Note 2: Summary of Significant Accounting Policies (Continued)

Conditional contributions and grants are recognized as revenue when the conditions on which they depend are substantially met. Amounts received before conditions are met are reported as refundable advances. Cost-reimbursement grants are recognized as revenue as qualifying expenditures are incurred. Grants that are exchange transactions are recognized as revenue when the related goods or services are transferred in accordance with the grant agreement.

VMI reports donor-restricted contributions whose restrictions are met in the same reporting period as support without donor restrictions.

Functional Expenses

VMI has program expenses for one activity and has one supporting function as presented in the statements of functional expenses. The statements of activities report certain categories of expenses that are attributable to either the program or supporting function. Expenses that are directly identifiable with a specific function are charged directly to that function. Expenses that benefit more than one function are allocated on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on estimates of time and effort. Insurance is allocated based on estimated benefit. Office expenses, professional fees, utilities, repairs and maintenance, and depreciation are charged directly to the specific function benefited when identifiable.

Income Taxes

VMI is a nonprofit religious organization exempt from federal income taxes under 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 the accompanying financial statements. VMI believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. VMI's federal tax filings for 2022 through 2025 remain subject to examination by the Internal Revenue Service.

Advertising

Advertising costs are expensed as incurred. Advertising expenses totaled \$17,641 and \$19,067 for the years ended December 31, 2025 and 2024, respectively.

Reclassifications

Certain reclassifications have been made to the 2024 financial statements to conform to the 2025 presentation.

Victory Ministries of Alaska, Inc.
Notes to Financial Statements (Continued)
Years ended December 31, 2025 and 2024

Note 3: Concentration of Credit Risk

Financial instruments that potentially subject VMI to concentrations of credit risk consist principally of cash deposits, certificates of deposit, and pooled investments. VMI maintains its cash and certificates of deposit with financial institutions that management believes to be creditworthy. At times, balances may exceed federally insured limits. At December 31, 2025 and 2024, VMI's uninsured cash balances totaled \$1,964,448 and \$1,138,091, respectively.

Note 4: Investments

VMI 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:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that VMI 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.

Victory Ministries of Alaska, Inc.
Notes to Financial Statements (Continued)
Years ended December 31, 2025 and 2024

Note 4: Investments (Continued)

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, 2025 and 2024.

- *Certificates of deposit*: Principal plus accrued interest.
- *Debt Securities*: Daily prices quoted in public markets.
- *Investments through Community Foundation*: Most recent audited financial statements of the 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 VMI 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, VMI's investments at fair values as of December 31, 2025 and 2024.

	<u>Fair Value as of December 31, 2025</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 543,073	\$ -	\$ 543,073
Equities	4,921	-	-	4,921
Debt securities	-	126,180	-	126,180
Investments through community foundation	-	-	158,264	158,264
Total investments	<u>\$ 4,921</u>	<u>\$ 669,253</u>	<u>\$ 158,264</u>	<u>\$ 832,438</u>

	<u>Fair Value as of December 31, 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ -	\$ 522,234	\$ -	\$ 522,234
Equities	4,215	-	-	4,215
Debt securities	-	118,650	-	118,650
Investments through community foundation	-	-	142,153	142,153
Total investments	<u>\$ 4,215</u>	<u>\$ 640,884</u>	<u>\$ 142,153</u>	<u>\$ 787,252</u>

Victory Ministries of Alaska, Inc.
Notes to Financial Statements (Continued)
Years ended December 31, 2025 and 2024

Note 5: Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Construction in progress	\$ 1,953,327	\$ 1,743,937
Land, buildings and improvements	6,368,224	6,068,265
Heavy equipment	248,327	249,827
Operating equipment, furniture and fixtures	439,809	435,795
Horses	84,566	90,031
Vehicles	<u>317,038</u>	<u>310,689</u>
	9,411,291	8,898,544
Less: accumulated depreciation	<u>(4,771,442)</u>	<u>(4,708,810)</u>
Property and equipment, net	<u><u>\$ 4,639,849</u></u>	<u><u>\$ 4,189,734</u></u>

Note 6: Long-Term Debt

Long-term debt consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
Note payable to First Mortgage, Inc., collateralized by property with a net book value of \$364,773, payable in monthly installments of \$2,925, including interest at 5.00%, maturing in 2035.	\$ 237,791	\$ -
Less: current portion	<u>(21,691)</u>	<u>-</u>
Long-term portion	<u><u>\$ 216,100</u></u>	<u><u>-</u></u>

Approximate maturities on the note are as follows:

Year ending December 31,

2026	\$ 21,691
2027	24,860
2028	26,131
2029	27,468
2030	28,874
Thereafter	<u>108,767</u>
Total	<u><u>\$ 237,791</u></u>

Victory Ministries of Alaska, Inc.
Notes to Financial Statements (Continued)
Years ended December 31, 2025 and 2024

Note 7: Net Assets

Net assets were as follows at December 31:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purposes:		
Camp and horseback riding scholarships	\$ 154,004	\$ 145,161
Camp scholarship legacy endowment	44,172	39,534
Missionary wages support	616,275	630,081
LIWA dining hall improvements	102,044	114,044
LIWA miscellaneous capital improvements	56,069	45,924
VBC miscellaneous capital improvements	<u>513,492</u>	<u>178,691</u>
 Total net assets with donor restrictions	 <u>1,486,056</u>	 <u>1,153,435</u>
Without donor restrictions:		
Board designated Spruce Lodge replacement	706,838	-
Board designated self-insurance reserve fund	416,792	400,000
Board designated staff care	121,048	117,000
Board designated other	41,746	69,686
Undesignated	<u>4,888,555</u>	<u>4,613,285</u>
 Total net assets without donor restrictions	 <u>6,174,979</u>	 <u>5,199,971</u>
 Total net assets	 <u>\$ 7,661,035</u>	 <u>\$ 6,353,406</u>

Note 8: Donor Restricted Net Assets Released from Restrictions

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

	<u>2025</u>	<u>2024</u>
Camp and horseback riding scholarships	\$ 71,642	\$ 53,029
Missionary wages support	937,546	807,754
LIWA Dining Hall capital improvements	179,041	54,875
LIWA miscellaneous capital improvements	-	15,551
VBC miscellaneous capital improvements	<u>69,163</u>	<u>94,886</u>
 Total donor restricted funds released from restrictions	 <u>\$ 1,257,392</u>	 <u>\$ 1,026,095</u>

Victory Ministries of Alaska, Inc.
Notes to Financial Statements (Continued)
Years ended December 31, 2025 and 2024

Note 9: Availability and Liquidity

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,754,361	\$ 1,386,057
Short-term investments, subject to restrictions	<u>832,438</u>	<u>787,252</u>
Total financial assets	<u>2,586,799</u>	<u>2,173,309</u>
Less amounts not available for general expenditures within one year:		
Deferred revenue	14,694	-
Net assets with donor restrictions	<u>1,486,056</u>	<u>1,153,435</u>
	<u>1,500,750</u>	<u>1,153,435</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,086,049</u>	<u>\$ 1,019,874</u>

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

Note 10: Donated Services, Materials, Property and Facilities

VMI receives donated services from unpaid volunteers who assist with its programs and supporting activities. Contributed services are recognized in the financial statements if the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would otherwise need to be purchased. Volunteer services that do not meet these recognition criteria are not recorded in the financial statements.

Donated materials, equipment, property, facilities, and other nonfinancial assets are recognized as contribution revenue at fair value at the date of donation. Donated nonfinancial assets are used in VMI's programs and operations unless otherwise monetized or restricted by the donor. Fair value is estimated using observable market information or other relevant inputs available at the date of donation.

Note 11: Donor Restricted Contributions Received

VMI receives support primarily from individuals, organizations and businesses and is dependent on voluntary contributions. Certain contributions are restricted by donors for specific purposes, including staff support, capital projects, programs, or other donor-specified purposes. These contributions are reported as net assets with donor restrictions until the donor-imposed restrictions are satisfied.

Victory Ministries of Alaska, Inc.
Notes to Financial Statements (Continued)
Years ended December 31, 2025 and 2024

Note 11: Donor Restricted Contributions Received (Continued)

Contributions designated by donors for individual staff support are tracked by staff member and are used for the related staff support purposes. Contributions for which donors do not impose specific restrictions are reported as net assets without donor restrictions.

Board designations of otherwise unrestricted contributions, if any, are reported as net assets without donor restrictions.

Note 12: Commitments and Contingencies

Real Property Tax Dispute

The Fairbanks North Star Borough (the Borough) contends that certain residential properties on the LIWA campus in the Borough are taxable and not eligible for nonprofit real estate tax exemption. VMI has paid real estate taxes under protest of \$69,370 and \$66,441 for the years ended December 31, 2025 and 2024, respectively, and similar amounts over several prior years.

The matter has proceeded through the lower courts and the Alaska Supreme Court related to various procedural issues and was subsequently heard by the Alaska Supreme Court on October 30, 2025, on the merits. VMI is awaiting a ruling and continues to pay real estate taxes as assessed.

If VMI prevails in the matter, amounts paid under protest would be refundable, together with interest at 8% per annum. Any such recovery is contingent upon a favorable ruling and has not been recognized in the financial statements.

Construction in Progress

As of December 31, 2025, VMI is constructing the LIWA Lodge. Project costs have been capitalized as construction in progress within property and equipment. As of December 31, 2025, VMI has no contractual commitments related to the LIWA Lodge construction project, based on management's representations.

Note 13: Subsequent Events

VMI has evaluated subsequent events through October 9, 2026, the date the financial statements were available to be issued.

Subsequent to December 31, 2025, VMI received additional insurance proceeds of approximately \$104,000 for the Spruce Lodge contents.