

ARCTIC BARNABAS MINISTRIES, INC.

FINANCIAL STATEMENTS

(With Independent Accountant's Review Report Thereon)

Year Ended December 31, 2025



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PORTER & ALLISON

INC

CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Review Report

To the Board of Directors of the
Arctic Barnabas Ministries, Inc.
Kenai, Alaska

We have reviewed the accompanying financial statements of Arctic Barnabas Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements 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 entity 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 Arctic Barnabas Ministries, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Porter & Allison, Inc.

Anchorage, Alaska
June 22, 2026

FINANCIAL STATEMENTS

ARCTIC BARNABAS MINISTRIES, INC.

Statement of Financial Position

December 31, 2025

Assets

Current Assets:

Cash and cash equivalents	\$ 1,285,413
Accounts receivable	<u>636</u>

Total Current Assets 1,286,049

Investment in National Christian Foundation	30,131
Property and equipment, net of accumulated depreciation	875,570
Right of use asset - operating lease	<u>134,283</u>

Total Assets \$ 2,326,033

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 10,464
Accrued expenses	47,154
Current portion of operating lease liability	<u>3,257</u>

Total Current Liabilities 60,875

Operating lease liability, net of current portion 131,534

Total Liabilities 192,409

Net Assets:

Without Donor Restrictions	2,120,497
With Donor Restrictions	<u>13,127</u>

Total Net Assets 2,133,624

Total Liabilities and Net Assets \$ 2,326,033

See accompanying notes to financial statements.

ARCTIC BARNABAS MINISTRIES, INC.

Statement of Activities Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:			
Support and Revenues:			
Support:			
Contributions	\$ 1,238,898	13,127	1,252,025
Noncash contribution	87,059	-	87,059
Total Support	1,325,957	13,127	1,339,084
Revenues:			
Aviation program revenues	192,822	-	192,822
Total Support and Revenues	1,518,779	13,127	1,531,906
Expenses:			
Program services	906,320	-	906,320
General and administrative	161,089	-	161,089
Fundraising	105,282	-	105,282
Total Expenses	1,172,691	-	1,172,691
Change in Net Assets from Operating Activities	346,088	13,127	359,215
Non-Operating Activities:			
Interest income	5,863	-	5,863
Loss on disposal	(675)	-	(675)
Investment income	2,016	-	2,016
Change in Net Assets from Non-Operating Activities	7,204	-	7,204
Change in Net Assets	353,292	13,127	366,419
Net Assets, beginning of period	1,767,205	-	1,767,205
Net Assets, end of period	\$ 2,120,497	13,127	2,133,624

See accompanying notes to financial statements.

ARCTIC BARNABAS MINISTRIES, INC.

Statement of Functional Expenses

Year Ended December 31, 2025

	Program Services			Support Services		
	Ministry Program	Aviation Program	Total	General and Administrative	Fundraising	Total
Expenses:						
Salaries and related cost and benefits	\$ 393,897	119,780	513,677	94,292	66,781	674,750
Conferences and meetings	91,804	2,748	94,552	514	305	95,371
Depreciation	-	50,620	50,620	1,000	-	51,620
Travel	34,995	2,820	37,815	145	8,648	46,608
Repairs and maintenance	512	38,429	38,941	5,800	112	44,853
Insurance	-	27,023	27,023	5,348	-	32,371
Rent and utilities	2,321	25,048	27,369	3,739	-	31,108
Food	22,803	2,101	24,904	1,350	2,798	29,052
Professional fees	1,289	-	1,289	26,575	937	28,801
Staff ministry expenses	12,459	14,432	26,891	111	815	27,817
Lodging	21,324	927	22,251	159	532	22,942
Supplies	8,077	3,285	11,362	5,014	6,167	22,543
Printing and publications	4,983	316	5,299	8,429	5,280	19,008
Fuel and oil	813	15,063	15,876	-	-	15,876
Bank fees	2,278	2,278	4,556	5,199	3,752	13,507
Information technology	918	1,395	2,313	3,021	5,655	10,989
Bad debt	-	-	-	39	-	39
Miscellaneous	-	1,582	1,582	354	3,500	5,436
Total Expenses	\$ <u>598,473</u>	<u>307,847</u>	<u>906,320</u>	<u>161,089</u>	<u>105,282</u>	<u>1,172,691</u>

See accompanying notes to financial statements.

ARCTIC BARNABAS MINISTRIES, INC.

Statement of Cash Flows Year Ended December 31, 2025

Cash Flows from Operating Activities:	
Cash received from donors, rental activity and government assistance	\$ 1,465,195
Cash paid to employees and suppliers	(1,114,253)
Interest received	5,863
Net Cash Flows from Operating Activities	<u>356,805</u>
Cash Flows from Investing Activities:	
Purchase of property and equipment	<u>(9,000)</u>
Net Increase in Cash and Cash Equivalents	347,805
Cash and Cash Equivalents, beginning of year	<u>937,608</u>
Cash and Cash Equivalents, end of year	<u>\$ 1,285,413</u>
Cash Flows from Operating Activities:	
Change in net assets	\$ 366,419
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	51,620
Loss on disposal	675
Non cash lease expense	3
Contribution of property and equipment	(75,948)
Investment income	(2,016)
(Increase) decrease in assets:	
Accounts receivable	10,114
Increase (decrease) in liabilities:	
Accounts payable	5,634
Accrued expenses	1,181
Deferred program revenues	<u>(877)</u>
Net Cash Flows from Operating Activities	<u>\$ 356,805</u>

See accompanying notes to financial statements.

ARCTIC BARNABAS MINISTRIES, INC.

Notes to Financial Statements Year Ended December 31, 2025

Note 1 – Nature of Operations

Arctic Barnabas Ministries, Inc. (the Organization) was formed as a nonprofit corporation in the State of Alaska to personally strengthen and encourage pastors, missionaries and their families to effectively advance the Gospel of Jesus Christ throughout remote Alaska. The Organization is funded through public support and facility rentals.

Note 2 – Summary of Significant Accounting Policies

Financial Statement Presentation

The accounting policies conform to accounting principles generally accepted in the United States of America as applicable. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 958, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”).

Net Assets

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Contribution Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the

ARCTIC BARNABAS MINISTRIES, INC.

Notes to Financial Statements Year Ended December 31, 2025

present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. the Organization's contributions receivable consisted of unconditional contributions from individuals and grantors, all of which are expected to be collected within one year. Based upon historical collection experience, management has determined that no allowance for doubtful accounts is necessary.

Accounts Receivable

The Organization records a provision for uncollectible accounts through specific identification using the direct write-off method. Management believes all balances of receivables will be collectible and therefore has not recorded any provision for credit losses. The Organization has not experienced any significant historical losses in its collection of receivables.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurements

The Organization's financial assets and liabilities carried at fair value have been classified based on a hierarchy defined by ASC 820. The hierarchy gives the highest-ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An assets or a liability's classification is based on the lowest level of input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 – Inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities in active markets, quoted prices.

Level 3 – Inputs are unobservable inputs for the asset or liability. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment are recorded for non-aviation assets at cost or, if donated, at fair market value at the date of donation. Depreciation is calculated using the straight-line method. The value of an engine and the cost to overhaul it are a large portion of the total cost of purchasing and operating an aircraft. The cost of engines and props are segregated from the remaining costs of the aircraft and depreciated over the expected life of each. When an engine is overhauled, the cost of the new engine is capitalized and then depreciated over the useful life of the engine.

ARCTIC BARNABAS MINISTRIES, INC.

Notes to Financial Statements Year Ended December 31, 2025

Lease Liability and Right of Use Assets

The Organization leases land used for the Organization's office building and hangar. The determination of whether an arrangement is a lease is made at the lease's inception. A contract is a lease if it conveys the right to control the use of an identified assets for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all the economic benefits from use of the asset and the right to direct its use. Management reassesses this determination if terms and conditions of the contract are changed.

Operating leases are included in right-of-use operating lease (ROU) assets and operating lease liabilities on the statement of financial position. ROU assets represent the Organization's right to use the underlying assets for the duration of the lease contract, and lease liabilities represent the obligation to make lease payments in future periods. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments to be paid over the lease term. The discount rate for the present value calculation is based on the risk-free treasury rate at the inception of the lease. Operating lease ROU assets include any lease payments made and exclude any lease incentives. Lease expense is recognized on a straight-line bases over the lease term. No lease agreements contain material residual value guarantees. Costs of leases with a term shorter than one year are expensed ratably over the lease term and future obligations on short-term leases are not recognized on the statement of financial position.

In-Kind Contributions

Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased, if not donated. Donated equipment and property is recorded as a contribution at fair market value at the time it is received and placed into service or management has designated it as an asset held for resale.

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 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 statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Conditional gifts received prior to the satisfaction of conditions are recorded as refundable advances.

ARCTIC BARNABAS MINISTRIES, INC.

Notes to Financial Statements Year Ended December 31, 2025

A portion of our revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Revenues

The Organization recognizes revenue from aviation activities when the performance obligations of providing the services are met.

Advertising Costs

Advertising costs are expensed as incurred.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs, general and administrative services, and fund-raising. Expenses related to more than one function are charged to each function on the basis of time studies and management estimates based upon prior experience. General and administrative expenses include those expenses that are not directly chargeable to any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization is generally no longer subject to examination by the Internal Revenue Service after three years from the date of the filing.

Subsequent Events

The Organization has evaluated subsequent events through June 22, 2026, the date on which the financial statements were available to be issued.

Note 3 – Cash and Cash Equivalents

The Organization maintains cash balances at a financial institution where funds are insured by the National Credit Union Administration (NCUA) up to \$250,000. At year end \$987,287 were held in excess of the insured NCUA limit.

ARCTIC BARNABAS MINISTRIES, INC.

Notes to Financial Statements Year Ended December 31, 2025

Note 4 – Property and Equipment

Property and equipment, net consisted of the following at December 31, 2025:

Office building and hangar	\$ 904,626
Equipment and vehicles	172,054
Aircraft	486,086
	<u>1,562,766</u>
Less accumulated depreciation	<u>(687,196)</u>
Property and Equipment, Net	<u>\$ 875,570</u>

Depreciation expense is \$51,620 for the year ended December 31, 2025 and is allocated to aviation program and general and administrative expenses on the statement of functional expenses.

Note 5 – Investments

The Organization owns units/shares of pooled investments owned by the National Christian Foundation (the Foundation). The Organization considers the measurement of its investment held at the Foundation to be a Level 3 measurement within the fair value measurement hierarchy because, certain investments of the Foundation, which include private placements and other securities for which prices are not readily available, are determined by the management of the Foundation. As such, the Funds are classified at Level 3, having elements of unobservable inputs. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The investment is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

A summary of the investment activity for the year ended December 31, 2025 is as follows:

Beginning balance, January 1, 2025	\$ <u>28,115</u>
Earnings	2,376
Management fees	<u>(360)</u>
Net Earnings	<u>2,016</u>
Ending balance, December 31, 2025	<u>\$ 30,131</u>

Note 6 – Leases

The Organization has entered into a long-term lease with the City of Kenai for land used for the Organization's office building and hangar. The lease term expires June 30, 2052 and is payable monthly with five year adjustments at the discretion of the City of Kenai. The expense recorded for this lease totaled \$7,688 for the year ended December 31, 2025.

ARCTIC BARNABAS MINISTRIES, INC.

Notes to Financial Statements Year Ended December 31, 2025

The expected future minimum lease payments related to the lease are as follows for the years ended December 31:

2026	\$	7,688
2027		7,688
2028		7,688
2029		7,688
2030		7,688
Thereafter		<u>172,971</u>
		211,411
Imputed interest		<u>(76,620)</u>
Operating lease liability	\$	<u><u>134,791</u></u>

Note 7 – Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$	1,285,413
Investment in National Christian Foundation		30,131
Accounts receivable		<u>636</u>
Financial assets available for general expenditure within one year	\$	<u><u>1,316,180</u></u>

As part of its liquidity management, the Organization has structured its financial assets to be available as its general expenses, liabilities, and other obligations come due.

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows at December 31, 2025:

Purpose restrictions-		
Special benevolence fund	\$	<u><u>13,127</u></u>