

Cornerstone Television, Inc.

Financial Statements

**Years Ended December 31, 2024 and 2023
with Independent Auditor's Report**

MaherDuessel

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CORNERSTONE TELEVISION, INC.

YEARS ENDED DECEMBER 31, 2024 AND 2023

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Independent Auditor's Report

**Board of Directors
Cornerstone Television, Inc.**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cornerstone Television, Inc. (Cornerstone), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Cornerstone as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cornerstone, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Cornerstone's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 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 Cornerstone'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 Cornerstone'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.

Maher Duessel

Pittsburgh, Pennsylvania
July 18, 2025

CORNERSTONE TELEVISION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 310,897	\$ 524,540
Investments	3,255,310	3,433,711
Accounts receivable, net of allowance for credit losses of \$17,990 and \$17,990, respectively	359,745	375,328
Inventory	83,841	79,853
Prepaid expenses and other current assets	6,121	4,665
Total current assets	4,015,914	4,418,097
Non-current assets:		
Investments - restricted	1,500,000	1,500,000
Property, buildings, and equipment		
Tower and broadcasting equipment	7,056,710	6,923,961
Site development and land improvements	779,914	779,914
Buildings and improvements	2,929,428	2,920,527
Office furniture and equipment	546,858	540,400
Vehicles	79,468	79,468
	11,392,378	11,244,270
Less: accumulated depreciation and amortization	(7,379,526)	(7,059,495)
	4,012,852	4,184,775
Land	115,963	115,963
Total property, buildings, and equipment	4,128,815	4,300,738
Right-of-use asset - operating lease	34,622	50,245
Total non-current assets	5,663,437	5,850,983
Total Assets	\$ 9,679,351	\$ 10,269,080

(Continued)

See accompanying notes to financial statements.

CORNERSTONE TELEVISION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

(Continued)

	2024	2023
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 222,763	\$ 209,982
Deferred revenue	17,054	27,944
Current portion of operating lease liability	15,303	15,623
Total current liabilities	255,120	253,549
Long-term liabilities:		
Annuities payable	8,200	8,407
Non-current portion of operating lease liability	19,319	34,622
Total long-term liabilities	27,519	43,029
Total Liabilities	282,639	296,578
Net Assets:		
Without donor restrictions:		
Undesignated	5,219,649	5,431,224
Board-designated	12,603	181,655
Investment in fixed assets, net of related debt	4,128,815	4,300,738
Total without donor restrictions	9,361,067	9,913,617
With donor restrictions	35,645	58,885
Total Net Assets	9,396,712	9,972,502
Total Liabilities and Net Assets	\$ 9,679,351	\$ 10,269,080

(Concluded)

See accompanying notes to financial statements.

CORNERSTONE TELEVISION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contributions and bequests	\$ 1,778,551	\$ 103,026	\$ 1,881,577
Broadcasting and production	2,001,435	-	2,001,435
Other revenues	71,618	-	71,618
Total revenues and other support	3,851,604	103,026	3,954,630
Net assets released from restrictions (operating)	34,440	(34,440)	-
Net assets released from restrictions (capital)	91,826	(91,826)	-
	3,977,870	(23,240)	3,954,630
Expenses:			
Program	2,838,342	-	2,838,342
Support services:			
Management and general	1,102,312	-	1,102,312
Fundraising	741,365	-	741,365
Total support services	1,843,677	-	1,843,677
Total expenses	4,682,019	-	4,682,019
Gain (Loss) from Operations	(704,149)	(23,240)	(727,389)
Non-Operating Activities:			
Investment income (loss)	151,599	-	151,599
Total non-operating income (loss)	151,599	-	151,599
Change in Net Assets	(552,550)	(23,240)	(575,790)
Net Assets:			
Beginning of year	9,913,617	58,885	9,972,502
End of year	\$ 9,361,067	\$ 35,645	\$ 9,396,712

See accompanying notes to financial statements.

CORNERSTONE TELEVISION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Contributions and bequests	\$ 1,948,954	\$ 53,608	\$ 2,002,562
Broadcasting and production	2,145,843	-	2,145,843
Other revenues	88,358	-	88,358
Total revenues and other support	4,183,155	53,608	4,236,763
Net assets released from restrictions (operating)	84,992	(84,992)	-
Net assets released from restrictions (capital)	21,880	(21,880)	-
	4,290,027	(53,264)	4,236,763
Expenses:			
Program	3,034,639	-	3,034,639
Support services:			
Management and general	1,111,300	-	1,111,300
Fundraising	750,340	-	750,340
Total support services	1,861,640	-	1,861,640
Total expenses	4,896,279	-	4,896,279
Gain (Loss) from Operations	(606,252)	(53,264)	(659,516)
Non-Operating Activities:			
Investment income (loss)	208,653	-	208,653
Total non-operating income (loss)	208,653	-	208,653
Change in Net Assets	(397,599)	(53,264)	(450,863)
Net Assets:			
Beginning of year	10,311,216	112,149	10,423,365
End of year	\$ 9,913,617	\$ 58,885	\$ 9,972,502

See accompanying notes to financial statements.

CORNERSTONE TELEVISION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 1,203,095	\$ 514,718	\$ 244,745	\$ 1,962,558
Employee benefits	239,534	103,027	73,741	416,302
Grants and allocations	401,146	-	-	401,146
Outside services	134,180	71,784	72,174	278,138
Office expenses	140,062	39,718	80,348	260,128
Equipment rental and maintenance	26,430	32,135	851	59,416
Occupancy	166,794	14,479	-	181,273
Printing and publications	-	-	137,765	137,765
Travel	19,028	489	446	19,963
Depreciation and amortization	335,654	-	-	335,654
Interest and bank fees	29,924	21,868	-	51,792
Miscellaneous	10,069	3,397	80	13,546
Premiums and promotions	64	108,445	22,512	131,021
Insurance	3,559	80,252	-	83,811
Guests and honorariums	-	-	108,703	108,703
Exempt Organization Business Taxes	-	112,000	-	112,000
Purpose restricted disbursements	31,030	-	-	31,030
Program fees and acquisition costs	97,773	-	-	97,773
Total Expenses	<u>\$ 2,838,342</u>	<u>\$ 1,102,312</u>	<u>\$ 741,365</u>	<u>\$ 4,682,019</u>

See accompanying notes to financial statements.

CORNERSTONE TELEVISION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 1,194,494	\$ 529,536	\$ 217,665	\$ 1,941,695
Employee benefits	252,738	100,625	73,546	426,909
Grants and allocations	529,941	-	-	529,941
Outside services	139,378	79,890	77,635	296,903
Office expenses	160,262	37,997	90,047	288,306
Equipment rental and maintenance	26,727	43,937	2,584	73,248
Occupancy	156,229	14,533	-	170,762
Printing and publications	-	883	159,596	160,479
Travel	14,480	1,038	12	15,530
Depreciation and amortization	336,711	-	-	336,711
Interest and bank fees	30,259	19,945	-	50,204
Miscellaneous	27,824	3,341	144	31,309
Premiums and promotions	-	86,668	42,355	129,023
Insurance	3,255	74,907	-	78,162
Guests and honorariums	-	-	86,756	86,756
Exempt Organization Business Taxes	-	118,000	-	118,000
Purpose restricted disbursements	77,483	-	-	77,483
Program fees and acquisition costs	84,858	-	-	84,858
Total Expenses	<u>\$ 3,034,639</u>	<u>\$ 1,111,300</u>	<u>\$ 750,340</u>	<u>\$ 4,896,279</u>

See accompanying notes to financial statements.

CORNERSTONE TELEVISION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	\$ (575,790)	\$ (450,863)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	335,654	336,711
Realized and unrealized (gain) loss on investments	73,240	1,791
Change in:		
Accounts receivable	15,583	(9,415)
Inventory	(3,988)	(4,007)
Prepaid expenses and other current assets	(1,456)	47,918
Accounts payable	12,781	44,229
Deferred revenue	(10,890)	(1,789)
Operating lease liability	(15,623)	(15,303)
Annuity payable	(207)	(207)
Total adjustments	405,094	399,928
Net cash provided by (used in) operating activities	(170,696)	(50,935)
Cash Flows From Investing Activities:		
Acquisition of fixed assets	(148,108)	(190,924)
Sales of investments	330,000	300,000
Purchase of investments	(224,839)	(210,383)
Net cash provided by (used in) investing activities	(42,947)	(101,307)
Net Increase (Decrease) in Cash and Cash Equivalents	(213,643)	(152,242)
Cash and Cash Equivalents:		
Beginning of year	524,540	676,782
End of year	\$ 310,897	\$ 524,540
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for Unrelated Business Income Tax	\$ 112,000	\$ 118,000

See accompanying notes to financial statements.

CORNERSTONE TELEVISION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

1. Organization

Cornerstone Television Inc. (Cornerstone) is a Pennsylvania not-for-profit corporation, which was organized on May 4, 1970. Cornerstone's operations consist primarily of providing and broadcasting religious and education television programming. Cornerstone also owns several broadcasting stations, which provide the same services.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly, reflects all significant receivables, payables, and other liabilities. In accordance with Financial Accounting Standards Board (FASB) authoritative guidance, Cornerstone resources are classified for accounting and reporting purposes into classes of net assets established according to their nature and purpose. There are two types of net assets:

Net Assets Without Donor Restrictions

Used to accumulate all net assets without donor restrictions and board-designated resources from operations. It represents the portion of expendable funds that are available for support of Cornerstone's operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions include those net assets whose use is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of Cornerstone pursuant to those stipulations. There can also be net assets with a donor-imposed restriction that stipulates that resources be maintained permanently but permits an organization to use up or expend part or all of the income derived from the donated assets. Cornerstone has no net assets with donor restrictions that must be maintained in perpetuity.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified as net assets without donor

CORNERSTONE TELEVISION, INC.

NOTES TO FINANCIAL STATEMENTS

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restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions

Contributions (unconditional promises to give) are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend on have been met. Cornerstone had no conditional promises to give at December 31, 2024 and 2023.

Revenue from Contracts with Customers

Broadcasting and production revenues are considered to be revenue from contracts with customers. The contracts are held with other religious-based not-for-profit entities and for-profit, non-religious-based entities. The contracts are fee-for-service contracts under which Cornerstone provides television program airtime, spot advertisements, and production services. Services are provided over the life of the contract, which are typically one year in duration. Revenue is recognized when the performance obligation of the contract is satisfied, and the broadcast takes place or the production services are rendered to the contracting entity. Generally, Cornerstone bills customers subsequent to the performance of services.

For the year ended December 31, 2024, beginning of the year contract receivables were \$375,328 and end of year were \$359,745. For the year ended December 31, 2023, beginning of the year contract receivables were \$365,913 and end of year were \$375,328. At December 31, 2024 and 2023, there were no payables related to the contracts, nor were there any contract payables at the beginning of each respective calendar year.

There have been no changes in the significant judgments related to the amount and timing of revenue from contracts with customers and there are no impairment losses recognized related to these contracts.

CORNERSTONE TELEVISION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Functional Allocation of Expenses

The costs of operations of Cornerstone have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program and support services based upon management's judgment of efforts expended.

Deferred Revenue

Deferred revenue represents the prepayment on airtime agreements by various organizations. The income from the airtime prepayments will be recognized when the related programs are aired. For the year ended December 31, 2024, beginning of the year deferred revenue related to the contracts was \$27,944 and end of year was \$17,054. For the year ended December 31, 2023, beginning of the year deferred revenue related to the contracts was \$29,733 and end of year was \$27,944.

Use of Estimates in the Preparation of Financial Statements

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 the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are deposited at local banks. At December 31, 2024 and 2023, the carrying amounts of Cornerstone's deposits were \$310,897 and \$524,540, respectively, and the bank balances were \$316,614 and \$498,285, respectively. For 2024, the uninsured cash balance totaled \$29,192. For 2023, the uninsured cash balance totaled \$211,101. For purposes of the statements of cash flows, cash and cash equivalents include all highly liquid instruments with maturities of three months or less when purchased.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at the amounts originally billed, less payments received, and are non-interest bearing, as they are due within one year. Accounts are classified as current or past due based on the terms of the contract or agreement under which the receivable arose. Cornerstone has tracked historical loss information for its accounts receivable as a reasonable base on which to determine expected credit losses. With a

CORNERSTONE TELEVISION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

relatively small population of customers, management also factors in specific conditions that apply to an individual customer and current and reasonable supportable forecasted economic conditions that have been determined to be consistent between 2024 and 2023 so there was no change in the allowance for expected credit loss. Accordingly, the allowance for credit losses at December 31, 2024 and 2023 totaled \$17,990.

Inventory

Inventory is stated at the lower of cost (determined by the first-in, first-out method of accounting) or net realizable value.

Cornerstone periodically reviews the value of items in inventory and provides write-downs or write-offs of inventory. There were no such adjustments required to the carrying amounts of inventory at December 31, 2024 and 2023.

Financial Instruments

The following methods and assumptions were used by Cornerstone in estimating fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

Investments: Quoted prices in active markets for identical assets (Level 1).

Risks and Uncertainties

Cornerstone investments in marketable securities potentially expose them to a concentration of credit risk. Concentration of credit risk for investments in marketable securities is mitigated by the overall diversification of managed investment portfolios. Investment securities are also exposed to various other risks such as interest rate and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near-term and that such change could materially affect the amount reported on the statements of financial position.

CORNERSTONE TELEVISION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

Fixed Assets

Fixed assets are stated at cost if purchased. Donations of fixed assets are recorded as contributions at their estimated fair value at the time of donation. Fixed asset purchases and major improvements and betterments to equipment, other than tower related purchases, that are valued at a cost of \$2,000 or more with a useful life greater than one year are capitalized. Tower and related purchases valued at a cost of \$5,000 or more with a useful life greater than one year are capitalized. Expenditures for renewals and improvements that significantly extend the useful life of the asset are capitalized. Expenditures for maintenance or repairs are expensed currently.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2024 and 2023.

Depreciation is computed using the straight-line method based on the estimated useful lives of the various assets.

Leases

Cornerstone determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Cornerstone does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Income Taxes

Cornerstone is a non-profit organization and is exempt from paying income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Cornerstone's tax-exempt purpose is subject to taxation as unrelated business income. In addition, Cornerstone qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private

CORNERSTONE TELEVISION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

foundation. Cornerstone files a Form 990 information return as well as a Form 990T for its unrelated business income annually.

Contributions to Charitable Organizations

Contributions to charitable organizations are determined by the Board of Directors (Board). These are reported in the financial statements as grants and allocations expense, a reduction in unrestricted net assets.

During 2024 and 2023, a contribution of \$14,400 was made to a charitable organization with which a Board member is affiliated. The Board was informed of the affiliation and did not consider the contribution to be a conflict of interest.

Operating Activities

For purposes of the statements of activities, Cornerstone distinguishes between operating revenue, support and expenses, and non-operating revenue, support, gains, and losses. Cornerstone treats as operating revenue and support and operating expenses all revenues and expenses that are an integral part of its program and supporting activities. All other activity is nonoperating.

Liquidity and Availability

Cornerstone manages its liquid resources by focusing on fundraising efforts to ensure the entity has adequate contributions and grants to cover the programs that are being conducted. Cornerstone prepares very detailed budgets, ensures timely billing of broadcasting and production revenues, and has been very active in monitoring costs to ensure the entity remains liquid.

As discussed in Note 5, Cornerstone maintains a line of credit to assist in meeting cash needs if they experience a lag between the receipt of contributions and the payment of costs.

CORNERSTONE TELEVISION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

The following reflects Cornerstone's financial assets (cash and cash equivalents, accounts receivable, and investments - current) as of December 31, 2024 and 2023 expected to be available within one year to meet the cash needs for general expenditures.

	2024	2023
Financial assets, at year-end	\$ 3,925,952	\$ 4,333,579
Less: those unavailable for general expenditures within one year, due to:		
Board designations	(12,603)	(181,655)
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(35,645)	(58,885)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,877,704</u>	<u>\$ 4,093,039</u>

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

CORNERSTONE TELEVISION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

3. Investments

Cornerstone's investments are managed by registered investment advisors and consist of various investments in marketable securities. These investments are reported at fair value. As of December 31, 2024 and 2023, investments consist of the following:

	2024	2023
Cash and cash equivalents	\$ 1,368,133	\$ 4,933,606
U.S. fixed income	2,756,482	105
U.S. equities - mutual funds	630,695	-
	<u>\$ 4,755,310</u>	<u>\$ 4,933,711</u>

Investment income (loss) for the years ended December 31, 2024 and 2023 is summarized as follows:

	2024	2023
Interest and dividend income	\$ 254,763	\$ 240,703
Investment expenses	(29,924)	(30,259)
Net realized and unrealized gain (loss)	<u>(73,240)</u>	<u>(1,791)</u>
	<u>\$ 151,599</u>	<u>\$ 208,653</u>

In accordance with accounting principles generally accepted in the United States of America, all investments of Cornerstone are measured using Level 1, Level 2, and Level 3 fair value inputs. Level 1 fair value is defined as inputs based upon "measuring the value at quoted prices available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market." Level 2 is defined as inputs based upon "measuring pricing units other than at quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed." Level 3 is defined as inputs based upon "significant unobservable inputs, as they trade infrequently or not at all."

The fair values of investments held by Cornerstone are determined using quoted prices in active markets for identical assets and, as such, are classified at December 31, 2024 and 2023 as Level 1 assets within the fair value hierarchy.

CORNERSTONE TELEVISION, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

4. Fixed Assets

Following is a summary of fixed assets and related balances at December 31, 2024:

	2023	Additions	Deletions	2024
Land	\$ 115,963	\$ -	\$ -	\$ 115,963
Tower and broadcasting equipment	6,923,961	132,749	-	7,056,710
Site development and land improvements	779,914	-	-	779,914
Building and improvements	2,920,527	8,901	-	2,929,428
Office furniture and equipment	540,400	6,458	-	546,858
Vehicles	79,468	-	-	79,468
Accumulated depreciation and amortization	(7,059,495)	(320,031)	-	(7,379,526)
	<u>\$ 4,300,738</u>	<u>\$ (171,923)</u>	<u>\$ -</u>	<u>\$ 4,128,815</u>

Following is a summary of fixed assets and related balances at December 31, 2023:

	2022	Additions	Deletions	2023
Land	\$ 66,785	\$ 49,178	\$ -	\$ 115,963
Tower and broadcasting equipment	6,872,546	51,415	-	6,923,961
Site development and land improvements	779,914	-	-	779,914
Building and improvements	2,830,196	90,331	-	2,920,527
Office furniture and equipment	540,400	-	-	540,400
Vehicles	79,468	-	-	79,468
Accumulated depreciation and amortization	(6,738,087)	(321,408)	-	(7,059,495)
	<u>\$ 4,431,222</u>	<u>\$ (130,484)</u>	<u>\$ -</u>	<u>\$ 4,300,738</u>

5. Line of Credit

In March 2018, Cornerstone obtained a secured line of credit allowing borrowings to a maximum of \$1,000,000, with a variable interest rate. At December 31, 2024, the line of credit's interest rate was 8.00%. Under the line of credit agreement, Cornerstone was required to deposit and maintain at least \$1,500,000 in an investment account with the lender, which is to serve as collateral. There were no borrowings and no outstanding balance for the year ended, or as of, December 31, 2024 and 2023. In March 2025, the line of credit was closed. Cornerstone is in the process of obtaining a new line of credit.

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6. Annuities Payable

Annuities payable represent the liability for periodic payments due to individuals from annuity gifts received from them. The amount of the liability is calculated by an independent agent who is managing the annuities but is believed to be fairly stated by management.

7. Retirement Savings Plan

Cornerstone has a Retirement Savings Plan (Plan) for all eligible employees as defined by the Plan. The employees may contribute up to the maximum amount of their salary allowed under the law. Cornerstone each year may make a discretionary matching contribution equal to a percentage of the amount of the employee salary reduction up to 5% of the employee's compensation. The applicable percentage is determined each year by Cornerstone. The applicable percentage was 30% of the employee's contributed amount for both 2024 and 2023. For the years ended December 31, 2024 and 2023, the discretionary contribution charged to operations was approximately \$16,800 and \$17,500, respectively.

8. Lease and Other Commitments

Cornerstone evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) asset represents Cornerstone's right to use underlying assets for the lease term, and the lease liability represents Cornerstone's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, which arise from operating leases, were calculated based on the present value of future lease payments over the lease term. Cornerstone has made an accounting policy election to use a Treasury risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted average discount rate used to discount future lease payments is 0.17% and 3.68%.

Cornerstone's operating leases consisted of one postage machine and three copiers for use in the preparation of letters and mailings. For the year ended December 31, 2024 and 2023, total operating lease cost was approximately \$16,800 and \$16,800, respectively, which approximated cash paid. As of December 31, 2024, the postage machine and copier leases had remaining lease terms of approximately 1 and 3 years, respectively.

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Future maturities of lease liabilities are presented in the following table, for years ending December 31:

2025	\$ 16,824
2026	9,696
2027	<u>9,696</u>
Total lease payments	36,216
Less present value discount	<u>(1,594)</u>
Total lease obligation	<u>\$ 34,622</u>

9. Board-Designated Resources

Certain net assets without donor restrictions can be subject to Board designation for purchase of capital equipment and research and education. Board-designated resources at December 31, 2024 and 2023 were \$12,603 and \$181,655, respectively.

10. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of contributions received by Cornerstone with donor-imposed restrictions for which the purpose has not yet been met. During fiscal years 2024 and 2023, net assets with donor restrictions totaling \$34,440 and \$84,992, respectively, were released from restrictions through the fulfillment of operating purpose restrictions. During fiscal years 2024 and 2023, net assets with donor restrictions totaling \$91,826 and \$21,880 were released from restrictions through the fulfillment of capital purpose restrictions. At December 31, 2024 and 2023, net assets with donor restrictions of \$35,645 and \$58,885, respectively, were restricted for other Christian ministries.