



**THE CHRISTIAN BROADCASTING NETWORK, INC.
AND AFFILIATED ORGANIZATIONS**

Consolidated Financial Statements

March 31, 2025 and 2024

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 1510
222 Central Park Avenue
Virginia Beach, VA 23462

Independent Auditors' Report

The Board of Directors

The Christian Broadcasting Network, Inc. and affiliated organizations:

Opinion

We have audited the consolidated financial statements of The Christian Broadcasting Network, Inc. and affiliated organizations (collectively, the Ministry), which comprise the consolidated statements of financial position as of March 31, 2025 and 2024, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as of March 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Ministry 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ministry'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.

KPMG LLP

Virginia Beach, Virginia
July 11, 2025

**THE CHRISTIAN BROADCASTING NETWORK, INC.
AND AFFILIATED ORGANIZATIONS**

Consolidated Statements of Financial Position

March 31, 2025 and 2024

Assets	2025	2024
Current assets:		
Cash and cash equivalents (notes 1(c) and 8)	\$ 122,324,711	122,606,757
Investments (notes 3 and 8)	34,583,776	32,828,778
Contributions receivable, net (note 4)	95,525,574	75,714,714
Accounts receivable, net	1,238,323	1,570,385
Prepaid expenses and other (note 7)	10,017,246	11,062,415
Gifts-in-kind inventories (note 1(f))	2,232,277	1,271,624
Total current assets	265,921,907	245,054,673
Property and equipment, net (notes 5, 9 and 10)	66,734,097	69,533,403
Operating lease right-of-use assets (note 10)	10,130,779	12,165,577
Fiduciary assets (notes 6 and 8)	9,103,101	9,700,562
Long-term contributions receivable, net (note 4)	6,658,302	6,944,182
Other assets (notes 7 and 8)	4,240,535	4,085,900
Total assets	\$ 362,788,721	347,484,297
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 19,403,950	21,002,571
Current maturities of long-term debt (note 9)	2,656,294	2,857,089
Current portion of lease liabilities (note 10)	3,401,960	3,149,990
Deferred gifts-in-kind revenue (note 1(f))	2,232,277	1,271,624
Other current liabilities (note 10)	4,217,233	2,028,807
Total current liabilities	31,911,714	30,310,081
Fiduciary liabilities (note 6)	5,813,519	5,965,116
Long-term debt (note 9)	47,228,654	48,611,720
Long-term lease liabilities (note 10)	7,314,194	9,763,721
Other long-term liabilities	479,612	504,834
Total liabilities	92,747,693	95,155,472
Net assets:		
Without donor restrictions	151,823,431	134,879,954
With donor restrictions (note 11)	118,217,597	117,448,871
Total net assets	270,041,028	252,328,825
Commitments and contingencies (note 15)		
Total liabilities and net assets	\$ 362,788,721	347,484,297

See accompanying notes to consolidated financial statements.

**THE CHRISTIAN BROADCASTING NETWORK, INC.
AND AFFILIATED ORGANIZATIONS**

Consolidated Statement of Activities

Year ended March 31, 2025

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Ministry support and other revenue:			
Ministry support (note 1(l))	\$ 177,131,126	122,104,887	299,236,013
Gifts-in-kind (note 1(f))	35,598,448	—	35,598,448
Investment gains, net (note 3 and 6)	1,364,327	178,782	1,543,109
Other revenue (note 1(j))	9,506,211	1,567,206	11,073,417
	<u>223,600,112</u>	<u>123,850,875</u>	<u>347,450,987</u>
Net assets released from restrictions (note 12)	<u>123,123,675</u>	<u>(123,123,675)</u>	<u>—</u>
Total ministry support and revenue	<u>346,723,787</u>	<u>727,200</u>	<u>347,450,987</u>
Ministry and program expenses:			
Evangelistic outreach – domestic	68,490,021	—	68,490,021
Evangelistic outreach – international	104,483,151	—	104,483,151
Operation Blessing and humanitarian relief (note 1(f))	85,096,584	—	85,096,584
Prayer ministry	14,499,869	—	14,499,869
Donations to others to further the Gospel	1,846,483	—	1,846,483
Total ministry and program expenses	<u>274,416,108</u>	<u>—</u>	<u>274,416,108</u>
Supporting services expenses:			
Fundraising	39,969,871	—	39,969,871
General and administrative	17,902,912	—	17,902,912
Total supporting services expenses	<u>57,872,783</u>	<u>—</u>	<u>57,872,783</u>
Other activities:			
Land development:			
Revenues	11,392,851	—	11,392,851
Operating expenses	(7,514,590)	—	(7,514,590)
Depreciation and amortization	(2,224,278)	—	(2,224,278)
Land development activities, net	1,653,983	—	1,653,983
Changes in split-interest agreements (note 6)	—	41,526	41,526
Income tax benefit	854,598	—	854,598
Total other activities	<u>2,508,581</u>	<u>41,526</u>	<u>2,550,107</u>
Increase in net assets	16,943,477	768,726	17,712,203
Net assets at beginning of year	<u>134,879,954</u>	<u>117,448,871</u>	<u>252,328,825</u>
Net assets at end of year	<u>\$ 151,823,431</u>	<u>118,217,597</u>	<u>270,041,028</u>

See accompanying notes to consolidated financial statements.

**THE CHRISTIAN BROADCASTING NETWORK, INC.
AND AFFILIATED ORGANIZATIONS**

Consolidated Statement of Activities

Year ended March 31, 2024

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Ministry support and other revenue:			
Ministry support (note 1(l))	\$ 172,592,697	124,144,077	296,736,774
Gifts-in-kind (note 1(f))	42,155,212	—	42,155,212
Investment gains, net (notes 3 and 6)	1,695,954	173,623	1,869,577
Other revenue (note 1(j))	22,663,448	1,717,424	24,380,872
	<u>239,107,311</u>	<u>126,035,124</u>	<u>365,142,435</u>
Net assets released from restrictions (note 12)	<u>122,729,779</u>	<u>(122,729,779)</u>	<u>—</u>
Total ministry support and revenue	<u>361,837,090</u>	<u>3,305,345</u>	<u>365,142,435</u>
Ministry and program expenses:			
Evangelistic outreach – domestic	68,652,277	—	68,652,277
Evangelistic outreach – international	113,908,329	—	113,908,329
Operation Blessing and humanitarian relief (note 1(f))	94,362,464	—	94,362,464
Prayer ministry	15,566,357	—	15,566,357
Donations to others to further the Gospel	2,045,245	—	2,045,245
Total ministry and program expenses	<u>294,534,672</u>	<u>—</u>	<u>294,534,672</u>
Supporting services expenses:			
Fundraising	42,750,825	—	42,750,825
General and administrative	18,771,572	—	18,771,572
Total supporting services expenses	<u>61,522,397</u>	<u>—</u>	<u>61,522,397</u>
Other activities:			
Land development:			
Revenues	10,547,757	—	10,547,757
Operating expenses	(7,412,345)	—	(7,412,345)
Depreciation and amortization	(2,335,476)	—	(2,335,476)
Land development activities, net	799,936	—	799,936
Changes in split-interest agreements (note 6)	<u>—</u>	<u>872,027</u>	<u>872,027</u>
Total other activities	<u>799,936</u>	<u>872,027</u>	<u>1,671,963</u>
Increase in net assets	6,579,957	4,177,372	10,757,329
Net assets at beginning of year	<u>128,299,997</u>	<u>113,271,499</u>	<u>241,571,496</u>
Net assets at end of year	<u>\$ 134,879,954</u>	<u>117,448,871</u>	<u>252,328,825</u>

See accompanying notes to consolidated financial statements.

**THE CHRISTIAN BROADCASTING NETWORK, INC.
AND AFFILIATED ORGANIZATIONS**

Consolidated Statements of Cash Flows

Years ended March 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Increase in net assets	\$ 17,712,203	10,757,329
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,583,149	9,360,315
Gain on disposal of property and equipment, net	(3,048,437)	(32,364)
Contribution of property and equipment	(212,000)	—
Loss due to currency conversion, net	512,287	209,464
Investment gains, net	(1,543,109)	(1,869,577)
Changes in assets and liabilities:		
Accounts receivable	332,062	(61,736)
Contributions receivable	(19,524,980)	(8,948,135)
Prepaid expenses and other	1,045,169	491,498
Fiduciary assets	597,461	(284,254)
Other assets	(929,705)	(428,311)
Operating lease right-of-use assets and liabilities	(162,759)	18,728
Accounts payable and accrued liabilities	(1,825,364)	2,134,159
Fiduciary liabilities	(151,597)	(133,710)
Other liabilities	2,314,178	1,556,772
Net cash provided by operating activities	<u>2,698,558</u>	<u>12,770,178</u>
Cash flows from investing activities:		
Proceeds from sale of investments	2,782,728	1,952,496
Purchases of investments	(2,994,617)	(1,999,368)
Purchases of property and equipment	(4,216,024)	(4,756,535)
Proceeds from disposal of property and equipment	3,207,520	62,929
Net cash used in investing activities	<u>(1,220,393)</u>	<u>(4,740,478)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	106,547	109,314
Payments on long-term debt	(1,866,758)	(2,215,015)
Net cash used in financing activities	<u>(1,760,211)</u>	<u>(2,105,701)</u>
Increase (decrease) in cash and cash equivalents	(282,046)	5,923,999
Cash and cash equivalents at beginning of year	122,606,757	116,682,758
Cash and cash equivalents at end of year	<u>\$ 122,324,711</u>	<u>122,606,757</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 1,460,652	1,534,237
Supplemental disclosures of noncash operating and investing activities:		
Acquisition of property and equipment in accounts payable at year-end	\$ 226,743	422,930

See accompanying notes to consolidated financial statements.

**THE CHRISTIAN BROADCASTING NETWORK, INC.
AND AFFILIATED ORGANIZATIONS**

Notes to Consolidated Financial Statements

March 31, 2025 and 2024

(1) The Organization and Summary of Significant Accounting Policies

(a) Organization

The mission of The Christian Broadcasting Network, Inc. and its affiliated organizations (CBN or the Ministry) is to preach the gospel of Jesus Christ to all the world as a witness unto all nations (see Matthew 24:14). In achieving this mission, CBN's chief method is the strategic use of mass communication, especially television (both domestic and international), the internet, and the distribution of teaching materials in the form of CDs, DVDs, films, animation, and literature. CBN's purpose is to train the young and old on the principles of the Kingdom of God, and their application to everyday life. The Ministry also provides prayer ministry, financial, medical and humanitarian aid to the needy 365 days a year, worldwide.

(b) Basis of Presentation

The consolidated financial statements include The Christian Broadcasting Network, Inc. and its subsidiaries and affiliated organizations under common control. All significant intercompany transactions and accounts have been eliminated in consolidation. The consolidated financial statements of the Ministry have been prepared on the accrual basis of accounting.

These consolidated financial statements have been prepared to focus on the Ministry as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Net assets and revenues, gains, and losses, are classified based on the existence or absence of donor-imposed restrictions. The Ministry's net assets are segregated into two net asset groups:

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Donor-imposed restrictions that are temporary in nature will be met by actions pursuant to the stipulations and/or the passage of time. Donor-imposed restrictions that are perpetual in nature neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Ministry. Investment income (loss) and unrealized gains and losses from resources held in perpetuity can be either restricted or unrestricted.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed stipulations. Certain contributions received with donor-imposed stipulations are reported as increases to ministry support without donor restrictions if the restricted purpose is met in the same period. All other contributions received and contributions receivable with donor-imposed time or purpose stipulations are reported as increases to net assets with donor restrictions as applicable. Realized and unrealized gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions (note 12). Temporary restrictions on gifts to acquire long-lived assets are considered met in the period the assets are placed in service.

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Notes to Consolidated Financial Statements

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(c) Cash and Cash Equivalents

The Ministry considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents that are utilized within a managed investment portfolio are accounted for as investments. Cash equivalents consisting of certificates of deposit and money market funds totaled \$109,252,703 and \$112,606,470, respectively, at March 31, 2025 and 2024.

(d) Investments

Investments are stated at fair value based on quoted market prices. Realized gains and losses are derived using the specific-identification method and are included in investment gain, net in the accompanying consolidated statements of activities.

(e) Contributions Receivable

Contributions receivable are recognized as revenues in the period the unconditional promise is made by the donor. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the promise. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions receivable from irrevocable trusts and estate interests are recorded at CBN's percent interest in the estimated fair value based on the fair value of the underlying assets.

(f) Gifts-in-Kind

Gifts-in-kind are primarily comprised of medicines, medical supplies, canned and packaged food, produce, and other relief products. Contributed pharmaceuticals are restricted by donors for use outside the United States and are used in international humanitarian and disaster relief programs. In valuing contributed pharmaceuticals otherwise legally permissible for sale in the United States, the Ministry uses the National Average Drug Acquisition Cost (NADAC), which approximates wholesale costs in the United States (the principal market). Food and other gifts-in-kind are recorded at their estimated fair wholesale value when received and used domestically and internationally for feeding programs, disaster relief and other humanitarian outreach. There is inherent uncertainty in determining the fair value of donated products. Gifts-in-kind revenue and expense are recognized in the year in which the product is distributed. Amounts at the end of the fiscal year that have not been distributed are included in gifts-in-kind inventories and deferred gifts-in-kind revenue. Expenses associated with these items are predominantly included in Operation Blessing and humanitarian relief in the accompanying consolidated statement of activities.

Gifts-in-kind inventories and deferred gifts-in-kind revenue totaled \$2,232,277 and \$1,271,624 at March 31, 2025 and 2024, respectively. Medical gifts-in-kind revenue were \$4,346,099 and \$6,681,872 and food and other gifts-in-kind revenue were \$31,252,349 and \$35,473,340, for the years ended March 31, 2025 and 2024, respectively.

**THE CHRISTIAN BROADCASTING NETWORK, INC.
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Notes to Consolidated Financial Statements

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(g) *Property and Equipment, Net*

Property and equipment are stated at cost or at estimated fair value at the date of gift if acquired by gift, less accumulated depreciation and amortization. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are: buildings and improvements, 40 years; production and transmission equipment, 6 years; information technology and other equipment, 6 years; and office furniture and fixtures, 10 years. Any gain or loss associated with property sold or retired is recorded in other revenue.

(h) *Fiduciary Assets and Liabilities*

CBN is the beneficiary of various revocable and irrevocable trusts. Assets in irrevocable trusts, which are controlled by CBN, and related deferred income and estimated beneficial interests to others, are recorded as assets and liabilities, respectively, and recognized as contribution revenue at the present value of future distributions to the Ministry in the fiscal year the trust is established. The change in fair value of CBN's interest in irrevocable trusts is included in changes in split-interest agreements in the accompanying consolidated statement of activities. Trusts that are revocable in nature are not reflected in CBN's consolidated financial statements until the trust assets are received.

(i) *Other Assets*

Other assets comprise certain long-lived assets held for the benefit of the Ministry and are recorded at cost, cost of development, or estimated fair value of the gift, if acquired by gift. Assets held for use by the Ministry are amortized over their estimated beneficial lives.

(j) *Other Revenue*

During the year ended March 31, 2024, the Ministry received a \$15,028,000 unrestricted beneficiary distribution from a key man life insurance policy.

(k) *Functional Allocation of Expenses*

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the Ministry's various programs and supporting services benefited. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are

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allocated consistently based on various statistical bases. Total joint costs and respective allocations are as follows for the years ended March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Evangelistic outreach – domestic	\$ 29,033,884	28,989,926
Evangelistic outreach – international	4,010,201	3,888,266
Operation blessing and humanitarian relief	1,015,974	983,012
Prayer ministry	5,898,745	6,181,508
Fundraising	30,516,258	34,190,789
General and administrative	<u>5,177,176</u>	<u>5,753,681</u>
Total joint costs	<u>\$ 75,652,238</u>	<u>79,987,182</u>

Joint costs incurred for program airtime, digital media, direct mail and development are allocated based on content and purpose; utilities, maintenance, property and general liability insurance, depreciation and amortization are allocated based on square footage; information technology and telephone ministry are allocated based on time and effort; and personnel costs related to worker's compensation and life and disability insurances, and medical claims expense are allocated based on employee headcount.

(l) Bartered Airtime

The Ministry recognizes the estimated fair value of international airtime received in exchange for providing program content as ministry support revenue with a corresponding increase to international evangelistic outreach expense. The amount recognized as revenue and expense on the accompanying consolidated statements of activities was approximately \$61,891,000 and \$63,514,000, for the years ended March 31, 2025 and 2024 respectively.

(m) Income Taxes

CBN is classified as an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. Contributions to CBN qualify for a charitable contribution deduction to the extent provided by the law.

The Ministry recognizes or derecognizes its tax positions based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The consolidated financial statements do not include any uncertain tax positions.

The Ministry is subject to taxes on its unrelated business income (UBI) as well as its income generated in its taxable corporate subsidiary. Substantially all of these taxes were offset by the utilization of NOL carryforwards. As of March 31, 2025 and 2024, the Ministry and its taxable subsidiary had unused NOL carryforwards available to offset future tax liabilities. In determining whether a valuation allowance is required, the Ministry evaluates such factors as prior earnings history, expected future earnings, reversal of existing taxable temporary differences, carry back and carry forward periods and tax planning strategies that could potentially enhance the likelihood of the realization of a deferred tax

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March 31, 2025 and 2024

asset. Management has recorded partial valuation allowances of \$8,805,279 as of March 31, 2025 and \$9,587,489 as of March 31, 2024, for the future tax benefit of the related deferred tax asset.

(n) Impairment of Long-Lived Assets

Long-lived assets and certain identifiable intangible assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be presented separately in the consolidated statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

(o) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management of the Ministry to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosures of contingencies at the date of the consolidated financial statements and revenues and expenses recognized during the reporting periods. Items subject to such estimates and judgments include: the valuation of contributions and accounts receivable; future distributions from fiduciary assets; bartered airtime; gifts-in-kind contributions; the estimated useful life of property and equipment and other long-lived assets; the allocation of joint costs; and the realizability of deferred tax assets. Actual results could differ from those estimates.

(p) Subsequent Events

The preparation of consolidated financial statements in conformity with GAAP requires entities to evaluate events that occur after the balance sheet date but before the consolidated financial statements are issued for potential recognition or disclosure. Entities are required to disclose the date through which subsequent events were evaluated, as well as the rationale for why that date was selected. In preparing these consolidated financial statements, the Ministry has evaluated events and transactions for potential recognition or disclosure through July 11, 2025.

The Ministry is not aware of any specific events or transactions occurring after March 31, 2025 and up to July 11, 2025, the date the consolidated financial statements were issued, that could have a material impact on the presentation of the accompanying consolidated financial statements.

**THE CHRISTIAN BROADCASTING NETWORK, INC.
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Notes to Consolidated Financial Statements

March 31, 2025 and 2024

(2) Liquidity and Availability

The following represents the Ministry's financial assets at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 122,324,711	122,606,757
Investments	34,583,776	32,828,778
Contributions receivable, net	102,183,876	82,658,896
Accounts receivable, net	1,238,323	1,570,385
Fiduciary assets, net	3,289,582	3,735,446
Non-managed trusts	<u>950,669</u>	<u>954,696</u>
Total financial assets	<u>264,570,937</u>	<u>244,354,958</u>
Less amounts not available to be used within one year:		
Minimum cash and cash equivalents and investments to be held for compliance with existing debt covenants	—	4,000,000
Net assets with donor restrictions	118,217,596	117,448,871
Less net assets with time or purpose restrictions to be met in less than a year	<u>(101,885,133)</u>	<u>(102,033,780)</u>
	<u>16,332,463</u>	<u>19,415,091</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 248,238,474</u>	<u>224,939,867</u>

CBN regularly monitors liquidity and maintains liquidity reserves required to meet its operational needs. In addition to financial assets available to meet general expenditures over the next year, the Ministry anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

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Notes to Consolidated Financial Statements

March 31, 2025 and 2024

(3) Investments

Investments consist of the following at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,295,281	3,649,936
Equity securities	12,695,204	5,156,625
Fixed income funds and securities	16,905,891	22,690,511
Gold and silver ETF	716,390	533,459
Other investments	971,010	798,247
	<u>\$ 34,583,776</u>	<u>32,828,778</u>

Investment gains, net consist of the following for the years ended March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 1,235,671	1,125,181
Net realized gains (losses)	94,635	(104,855)
Net unrealized gains	212,803	849,251
	<u>\$ 1,543,109</u>	<u>1,869,577</u>

(4) Contributions Receivable, Net

The Ministry has net contributions receivable of \$105,292,299 and \$87,214,990, respectively, as of March 31, 2025 and 2024. Contributions receivable expected to be received after one year are netted against present value discounts of 6.80% and 7.80% equal to \$3,108,423 and \$4,556,094, respectively, as of March 31, 2025 and 2024. Contributions receivable, net, and the related discount, at March 31, 2025 and 2024 are expected to be received as follows:

	<u>2025</u>	<u>2024</u>
Within one year	\$ 95,525,574	75,714,714
One to five years	5,170,175	5,179,669
Thereafter	4,596,550	6,320,607
	105,292,299	87,214,990
Less present value discount	<u>(3,108,423)</u>	<u>(4,556,094)</u>
	<u>\$ 102,183,876</u>	<u>82,658,896</u>

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(5) Property and Equipment, Net

Property and equipment and accumulated depreciation and amortization consist of the following at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 23,643,247	23,222,720
Buildings and improvements	105,430,273	104,428,013
Production and transmission equipment	51,686,124	51,741,950
Information technology and other equipment	65,289,567	67,708,622
Office furniture and fixtures	<u>11,214,911</u>	<u>11,026,395</u>
	257,264,122	258,127,700
Less accumulated depreciation and amortization	<u>(190,530,025)</u>	<u>(188,594,297)</u>
	<u>\$ 66,734,097</u>	<u>69,533,403</u>

Property and equipment includes buildings and equipment acquired under existing financing agreements of \$1,481,298 and \$7,585,791, at March 31, 2025 and 2024, respectively. Related accumulated depreciation and amortization amounted to \$982,503 and \$2,690,971, at March 31, 2025 and 2024, respectively.

Property and equipment also includes land, land improvements, buildings, and equipment acquired under existing financing agreements in the amount of \$52,520,335, at March 31, 2025 and 2024 for two multi-unit residential housing complexes. Related accumulated depreciation and amortization amounted to \$22,559,583 and \$20,665,656, at March 31, 2025 and 2024, respectively.

(6) Fiduciary Assets and Liabilities

Fiduciary assets and liabilities comprise the following at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Charitable remainder unitrusts managed	\$ 2,715,225	3,084,031
Split-interest agreements	<u>6,387,876</u>	<u>6,616,531</u>
Assets	<u>\$ 9,103,101</u>	<u>9,700,562</u>
Funds managed for other beneficiaries	\$ (995,000)	(1,178,231)
Estimated payments due to donors	<u>(4,818,519)</u>	<u>(4,786,885)</u>
Liabilities	<u>\$ (5,813,519)</u>	<u>(5,965,116)</u>

The change in value of split-interest agreements for net assets with donor restrictions was \$41,526 and \$872,027, respectively, for the years ended March 31, 2025 and 2024. Discount rates used to calculate the

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present value of these assets are the fixed rates associated with each agreement and range from 6% to 10%.

(7) Capitalized Film Costs

The Ministry is engaged in the creation of children's animation and documentary films for distribution via DVDs, broadcast television, the internet and theatrical release. The costs of program development are capitalized when incurred. The children's animation is amortized over an estimated economic life of five years and is included in other assets on the consolidated statements of financial position. Capitalized film costs, net, consist of the following at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Capitalized film costs – long-term	\$ 46,420,466	45,439,542
Less accumulated amortization	<u>(46,259,299)</u>	<u>(44,503,305)</u>
	161,167	936,237
Capitalized film costs – current	<u>775,070</u>	<u>1,755,993</u>
	<u>\$ 936,237</u>	<u>2,692,230</u>

(8) Fair Value Measurement of Assets and Liabilities

Financial assets and liabilities measured at fair value on a recurring basis are classified and disclosed in one of the following three categories known as the "Fair Value Hierarchy:"

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Ministry has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are primarily unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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The following tables present assets and liabilities that are measured at fair value on a recurring basis:

	March 31, 2025	Level 1	Level 2	Level 3
Money market funds and certificates of deposit	\$ 109,252,703	109,252,703	—	—
Investments:				
Cash and cash equivalents	3,295,281	3,295,281	—	—
Equity securities	12,695,204	12,695,204	—	—
Fixed income:				
Fixed income ETP	1,326,714	1,326,714	—	—
Bond mutual funds	4,440,445	4,440,445	—	—
U.S. Treasury securities	11,138,732	11,138,732	—	—
Gold and silver ETF	716,390	716,390	—	—
Other investments	971,010	971,010	—	—
Fiduciary assets	9,103,101	9,103,101	—	—
Non-managed trusts	950,668	950,668	—	—
	<u>\$ 153,890,248</u>	<u>153,890,248</u>	<u>—</u>	<u>—</u>
	March 31, 2024	Level 1	Level 2	Level 3
Money market funds and certificates of deposit	\$ 112,606,470	112,606,470	—	—
Investments:				
Cash and cash equivalents	3,649,936	3,649,936	—	—
Equity securities	5,156,625	5,156,625	—	—
Fixed income:				
Fixed income ETP	1,304,333	1,304,333	—	—
Bond mutual funds	3,155,849	3,155,849	—	—
U.S. Treasury securities	18,230,329	18,230,329	—	—
Gold and silver ETF	533,459	533,459	—	—
Other investments	798,247	798,247	—	—
Fiduciary assets	9,700,562	9,700,562	—	—
Non-managed trusts	954,696	954,696	—	—
	<u>\$ 156,090,506</u>	<u>156,090,506</u>	<u>—</u>	<u>—</u>

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There were no transfers between Levels 1, 2 or 3 during the years ended March 31, 2025 and 2024. There were no assets or liabilities measured at fair value on a nonrecurring basis at March 31, 2025 and 2024.

(9) Long-Term Debt

Long-term debt consists of the following at March 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Term and life notes bear interest at rates ranging from 4.5% to 9%, payable on demand	\$ 1,521,442	1,474,916
Term notes, collateralized by equipment, bear interest at rates from 2.17% to 4.39% maturing through May 2027	480,038	720,147
Nonrecourse mortgage loan, collateralized by land and buildings associated with multi-unit residential housing complex, guaranteed by U.S. Department of Housing and Urban Development, bears interest at a rate of 2.67% maturing April 2054	29,613,980	30,278,958
Nonrecourse mortgage loan, collateralized by land and buildings associated with multi-unit residential housing complex, guaranteed by U.S. Department of Housing and Urban Development, bears interest at a rate of 2.83% maturing May 2051	18,676,973	19,152,273
Mortgage loan, collateralized by land and a commercial office building, bears interest at a rate of 4.5%, matured July 2024	<u>—</u>	<u>275,375</u>
	50,292,433	51,901,669
Less:		
Debt issuance costs, net	(407,485)	(432,860)
Current maturities	<u>(2,656,294)</u>	<u>(2,857,089)</u>
	<u>\$ 47,228,654</u>	<u>48,611,720</u>

Total interest expense in fiscal years 2025 and 2024 was \$1,480,585 and \$1,558,108, which includes \$25,375 and \$25,864, respectively, of amortization of debt issuance costs. Debt issuance costs are being amortized using imputed interest rates ranging from 3.62% to 3.82%.

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Aggregate annual maturities of long-term debt at March 31, 2025 are as follows:

Year ending March 31:	
2026	\$ 2,656,294
2027	1,706,079
2028	1,253,079
2029	1,272,039
2030	1,307,295
Thereafter	<u>42,097,647</u>
	<u>\$ 50,292,433</u>

(10) Leases

The Ministry determines whether contractual arrangements contain a lease by evaluating whether those arrangements either implicitly or explicitly identify an asset, whether the Ministry has the right to obtain substantially all of the economic benefits from use of the asset throughout the term of the arrangement, and whether the Ministry has the right to direct the use of the asset.

The Ministry has entered into various long-term non-cancelable operating and finance lease agreements primarily for office and warehouse space and transportation and office equipment. The office space operating leases expire at various dates through 2033, some of which have renewal options ranging from two to five years and some have options to terminate at the Ministry's discretion. Office and warehouse leases may have fixed payments or provide for increases in future minimum annual rental payments. The Ministry's transportation and office equipment leases generally have fixed payments with expiration dates ranging through 2029. Renewal options are included in the lease term if it is reasonably certain that the Ministry will exercise those options. The Ministry has made an accounting policy election to not recognize right-of-use (ROU) assets or lease liabilities for qualifying leases with terms of 12 months or less. The Ministry recognizes lease expense for these leases on a straight-line basis over the lease term.

The Ministry has certain agreements with lease and non-lease components which are combined as a single lease component based on the Ministry's practical expedient election. The Ministry's real estate leases may require that it pay maintenance in addition to rent. Additionally, the real estate leases generally require payment of real estate taxes and insurance. Maintenance, real estate taxes, and insurance payments are generally variable and based on actual costs incurred by the lessor. Therefore, these amounts are not included when determining the ROU asset and lease liability.

The discount rate to determine the present value of the lease payments for a lessee is calculated on the basis of information available at the commencement date. A lessee should use the rate implicit in the lease whenever that rate is readily determinable. A lessee that is not a public business entity is permitted to use a risk-free discount rate for the lease, determined using a period comparable with that of the lease term, as an accounting policy election for all leases. The Ministry has elected to use the risk-free rate which corresponds with the term of the applicable lease.

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Total ROU assets and lease liabilities at March 31, 2025 and 2024, respectively are as follows:

	<u>2025</u>	<u>2024</u>
Operating right-of-use assets	\$ 10,130,779	12,165,577
Finance right-of-use assets in property and equipment, net	<u>40,090</u>	<u>173,130</u>
Total leased right-of-use assets	<u>\$ 10,170,869</u>	<u>12,338,707</u>
Operating lease liabilities	\$ 10,716,154	12,913,711
Finance lease liabilities in other liabilities	<u>42,154</u>	<u>193,128</u>
Total lease liabilities	<u>\$ 10,758,308</u>	<u>13,106,839</u>

The components of lease cost for the Ministry's operating and finance leases for the years ended March 31, 2025 and 2024, respectively, are:

	<u>2025</u>	<u>2024</u>
Lease cost:		
Operating lease cost	\$ 3,910,111	4,017,570
Short-term lease cost	587,373	679,813
Variable lease cost	813,596	661,355
Finance lease cost:		
Interest expense	4,844	15,107
Amortization of right-of-use assets	<u>133,040</u>	<u>172,571</u>
Total lease cost	<u>\$ 5,448,964</u>	<u>5,546,416</u>

The following table provides other key information related to the Ministry's operating and finance leases at March 31, 2025 and 2024, respectively:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 4,070,575	3,998,563
Operating cash flows from finance leases	4,844	15,107
Financing cash flows from finance leases	150,973	189,064
Right-of-use assets obtained in exchange for lease liabilities:		
Operating leases obtained in 2025 and 2024	\$ 1,505,153	1,412,660

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Future minimum lease payments under noncancellable operating and finance leases with terms greater than one year and the weighted-average remaining lease term and weighted-average discount rates as of March 31, 2025 are as follows:

	Operating leases	Finance leases
Year ending March 31:		
2026	\$ 3,652,260	24,583
2027	2,898,338	13,075
2028	1,844,450	6,139
2029	1,269,292	—
2030	929,751	—
Thereafter	769,099	—
	<u>11,363,190</u>	<u>43,797</u>
Less amount representing interest	<u>(647,036)</u>	<u>(1,643)</u>
Present value of lease liabilities	<u>\$ 10,716,154</u>	<u>42,154</u>
Weighted-average discount rate	2.88 %	3.64 %
Weighted-average remaining lease term in years	4	2

(11) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at March 31, 2025 and 2024:

	2025	2024
Operations:		
Fiduciary assets, net (note 6)	\$ 3,289,582	3,735,446
Contributions receivable (note 4)	77,146,777	77,150,581
Donor-restricted contributions (primarily international outreach and operation blessing)	<u>37,781,238</u>	<u>36,562,844</u>
	<u>\$ 118,217,597</u>	<u>117,448,871</u>

Net assets with donor restrictions that are perpetual in nature at March 31, 2025 and 2024 consist of investments and fiduciary assets to be held in perpetuity with earnings to be used for unrestricted program activities.

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(12) Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of other events specified by donors. Total net assets released were \$123,123,675 and \$122,729,779 for the years ended March 31, 2025 and 2024.

(13) Schedule of Functional Expenses

The schedule of functional expenses for the years ended March 31, 2025 and 2024 is as follows. Fiscal year 2024 ministry and program functional expenses are presented by individual program to match fiscal year 2025 presentation. There was no change in total ministry and program, fundraising, or general and administrative expenses:

	2025								
	Evangelistic outreach - domestic	Evangelistic outreach - international	Operation Blessing and Humanitarian relief	Prayer ministry	Donations to others	Total ministry and program	Fundraising	General and administrative	Total
Employment expenses	\$ 28,261,587	23,741,714	12,877,675	10,573,306	—	75,454,282	15,335,282	6,268,757	97,058,321
Airtime	22,322,541	63,382,370	—	—	—	85,704,911	3,375,463	—	89,080,374
Gifts-in-kind	—	—	37,271,051	—	—	37,271,051	—	—	37,271,051
Direct mail	156,014	721,352	95,908	562,734	—	1,536,008	11,687,270	220,761	13,444,039
Production costs	6,612,323	1,574,724	79,799	—	—	8,266,846	899,786	45,130	9,211,762
Rent expense and utilities	2,258,768	1,714,068	2,729,022	449,134	—	7,150,992	545,422	525,706	8,222,120
Equipment, maintenance and repair	1,358,525	893,128	1,357,751	205,666	—	3,815,070	535,333	877,016	5,227,419
Travel	1,276,655	1,430,466	2,616,203	158,858	—	5,482,182	934,946	221,812	6,638,940
Professional services	1,758,289	4,504,526	2,202,003	570,313	—	9,035,131	2,136,134	6,079,254	17,250,519
Licenses and fees	2,604,246	1,652,502	820,831	1,506,447	—	6,584,026	1,616,199	2,032,026	10,232,251
Humanitarian aid and contributions to others	20,350	341,018	22,833,585	—	1,846,483	25,041,436	—	—	25,041,436
Depreciation, amortization and other	1,860,723	4,527,283	2,212,756	473,411	—	9,074,173	2,904,036	1,632,450	13,610,659
	<u>\$ 68,490,021</u>	<u>104,483,151</u>	<u>85,096,584</u>	<u>14,499,869</u>	<u>1,846,483</u>	<u>274,416,108</u>	<u>39,969,871</u>	<u>17,902,912</u>	<u>332,288,891</u>

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The schedule of functional expenses for the years ended March 31, 2024 is as follows:

	2024								
	Evangelistic outreach - domestic	Evangelistic outreach - international	Operation Blessing and Humanitarian relief	Prayer ministry	Donations to others	Total ministry and program	Fundraising	General and administrative	Total
Employment expenses	\$ 31,792,637	24,891,349	12,590,371	11,939,819	—	81,214,176	17,026,223	7,625,929	105,866,328
Airtime	21,155,183	65,572,992	—	—	—	86,728,175	3,070,029	—	89,798,204
Gifts-in-kind	—	—	44,427,426	—	—	44,427,426	6,008	—	44,433,434
Direct mail	378,288	781,678	46,168	492,927	—	1,699,061	13,784,422	340,850	15,824,333
Production costs	4,367,656	1,120,489	51,963	—	—	5,540,108	769,521	20,075	6,329,704
Rent expense and utilities	2,229,984	1,739,651	2,561,924	441,396	—	6,972,955	487,291	552,554	8,012,800
Equipment, maintenance and repair	1,353,462	871,855	886,418	176,968	—	3,288,703	751,480	710,170	4,750,353
Travel	1,336,350	2,210,642	2,083,309	120,868	—	5,751,169	757,251	278,313	6,786,733
Professional services	1,634,114	6,375,071	1,436,017	544,046	—	9,989,248	1,551,821	5,104,855	16,645,924
Licenses and fees	2,514,920	1,453,157	830,538	1,348,564	—	6,147,179	1,419,230	1,864,491	9,430,900
Humanitarian aid and contributions to others	17,257	2,337,995	26,419,800	—	2,045,245	30,820,297	—	—	30,820,297
Depreciation, amortization and other	1,872,426	6,553,450	3,028,530	501,769	—	11,956,175	3,127,549	2,274,335	17,358,059
	<u>\$ 68,652,277</u>	<u>113,908,329</u>	<u>94,362,464</u>	<u>15,566,357</u>	<u>2,045,245</u>	<u>294,534,672</u>	<u>42,750,825</u>	<u>18,771,572</u>	<u>356,057,069</u>

(14) Retirement Plan

CBN has a defined contribution retirement plan available for all regular employees. All contributions to this plan are fully vested. No contributions were made for the years ended March 31, 2025 and 2024.

(15) Commitments and Contingencies

The Ministry is subject to various legal proceedings and claims, which arise in the ordinary course of its business. Management believes that the outcome of these matters will not have a material adverse effect on the Ministry's consolidated statement of financial position or consolidated statement of activities.