Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2016

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
CORNERSTONE EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 002

1c Effective date of plan 01/01/2004

2a Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
CORNERSTONE BUSINESS HOLDINGS, INC.

6305 82ND STREET
LUBBOCK, TX 79424

2b Employer Identification Number (EIN) 75-2770236

2c Plan Sponsor's telephone number 806-797-9494

2d Business code (see instructions) 236110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/16/2017	BRADLEY NELSON
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

Preparer's name (including firm name, if applicable) and address (include room or suite number)

Preparer's telephone number

3a Plan administrator's name and address ☐ Same as Plan Sponsor

BETENBOUGH CAPITAL, INC.

6305 82ND STREET
LUBBOCK, TX 79424

3b Administrator's EIN: 75-2770236

3c Administrator's telephone number: 806-797-9494

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	146
6	Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**).		
a(1)	Total number of active participants at the beginning of the plan year	**6a(1)**	110
a(2)	Total number of active participants at the end of the plan year	**6a(2)**	158
b	Retired or separated participants receiving benefits	**6b**	26
c	Other retired or separated participants entitled to future benefits	**6c**	12
d	Subtotal. Add lines **6a(2)**, **6b**, and **6c**.	**6d**	196
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	**6e**	1
f	Total. Add lines **6d** and **6e**.	**6f**	197
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	197
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	17
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2I 2P 2Q 3I

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)	☐	Insurance
(2)	☐	Code section 412(e)(3) insurance contracts
(3)	☒	Trust
(4)	☐	General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	☐	Insurance
(2)	☐	Code section 412(e)(3) insurance contracts
(3)	☒	Trust
(4)	☐	General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	☒	**R** (Retirement Plan Information)
(2)	☐	**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)	☐	**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	☒		**H** (Financial Information)
(2)	☐		**I** (Financial Information – Small Plan)
(3)	☐	0	**A** (Insurance Information)
(4)	☐		**C** (Service Provider Information)
(5)	☐		**D** (DFE/Participating Plan Information)
(6)	☐		**G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

SCHEDULE H (Form 5500)

Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
CORNERSTONE EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
CORNERSTONE BUSINESS HOLDINGS, INC.

D Employer Identification Number (EIN)
75-2770236

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	1244453	1311729
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	2002489	2570722
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	91486	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	69112000	90686000
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	72450428	94568451
	Liabilities			
g	Benefit claims payable	1g	132725	0
h	Operating payables	1h		
i	Acquisition indebtedness	1i	5695099	6252666
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	5827824	6252666
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	66622604	88315785

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	2999386	
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		2999386
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	3047	
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)		
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		3047
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0
	(5) Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
	(B) Other	2b(5)(B)	21574000	
	(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		21574000

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		24576433
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	2728248	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		2728248
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		155004
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		0
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		2883252
Net Income and Reconciliation			
k Net income (loss). Subtract line **2j** from line **2d**	2k		21693181
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [X] Unqualified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [ ] Yes [X] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: RPC CPAS & CONSULTANTS, LLP **(2)** EIN: 85-0454285

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	

			Yes	No	Amount
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		1000000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	4n			
o	Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

Part V Trust Information

6a Name of trust	**6b** Trust's EIN

6c Name of trustee or custodian	**6d** Trustee's or custodian's telephone number

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2016

This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan
CORNERSTONE EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
CORNERSTONE BUSINESS HOLDINGS, INC.

D Employer Identification Number (EIN)
75-2770236

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions 1 787495

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 58-1428634

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year 3

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ Yes ☐ No ☐ N/A

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) 6a

b Enter the amount contributed by the employer to the plan for this plan year 6b

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) 6c

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ Yes ☐ No ☐ N/A

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ Yes ☐ No ☐ N/A

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ Increase ☐ Decrease ☐ Both ☐ No

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ Yes ☒ No

11 a Does the ESOP hold any preferred stock? ..... ☐ Yes ☒ No

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ Yes ☒ No

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☒ Yes ☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
Stock: 0.0 % Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

Part VII IRS Compliance Questions

20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes	☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Current year" ADP test	☐ "Prior year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test	☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes	☐ No

22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter ____/____/____ and the serial number _____.

22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter ____/____/____.

RPC
CPAs + CONSULTANTS, LLP
ACHIEVING RESULTS

Cornerstone Employee Stock Ownership Plan

Financial Statements
December 31, 2016

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Cornerstone Employee Stock Ownership Plan
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December 31, 2016

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Independent Auditors' Report

To the Plan Administrator of
Cornerstone Employee Stock Ownership Plan
Lubbock, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the Cornerstone Employee Stock Ownership Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements 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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Cornerstone Employee Stock Ownership Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the year ended December 31, 2016 in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of Schedule H, Line 4i, Assets Held (at End of Year) is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Lubbock, Texas
October 16, 2017

Cornerstone Employee Stock Ownership Plan
Statements of Net Assets Available for Benefits
December 31, 2016 and 2015

	2016		
	Allocated	Unallocated	Total
Assets			
Investment in sponsor company common stock, at fair value	$ 79,896,800	$ 10,789,200	$90,686,000
Receivables:			
Employer contributions	2,570,722	-	2,570,722
Other	-	-	-
Total receivables	2,570,722	-	2,570,722
Cash	1,311,729	-	1,311,729
Total assets	83,779,251	10,789,200	94,568,451
Liabilities			
Distributions payable	-	-	-
Notes payable	-	6,252,666	6,252,666
Total liabilities	-	6,252,666	6,252,666
Net assets available for benefits	$ 83,779,251	$ 4,536,534	$88,315,785

See accompanying notes to the financial statements.

Cornerstone Employee Stock Ownership Plan
Statements of Net Assets Available for Benefits
December 31, 2016 and 2015

	2015		
	Allocated	Unallocated	Total
Assets			
Investment in sponsor company common stock, at fair value	$ 61,267,911	$ 7,844,089	$ 69,112,000
Receivables:			
Employer contributions	2,002,489	-	2,002,489
Other	91,486	-	91,486
Total receivables	2,093,975	-	2,093,975
Cash	1,244,453	-	1,244,453
Total assets	64,606,339	7,844,089	72,450,428
Liabilities			
Distributions payable	132,725	-	132,725
Notes payable	-	5,695,099	5,695,099
Total liabilities	132,725	5,695,099	5,827,824
Net assets available for benefits	$ 64,473,614	$ 2,148,990	$ 66,622,604

See accompanying notes to the financial statements.

Cornerstone Employee Stock Ownership Plan
Statement of Changes in Net Assets Available for Benefits
December 31, 2016

	Allocated	Unallocated	Total
Additions:			
Additions to net assets attributed to:			
Investment income:			
Net appreciation in fair value of investments	$18,879,565	$ 2,694,435	$21,574,000
Interest income	3,047	-	3,047
Employer contributions	2,614,455	384,931	2,999,386
Allocation of 591.9524 shares of company sponsor common stock, at fair value	536,818	-	536,818
Total additions	22,033,885	3,079,366	25,113,251
Deductions:			
Deductions from net assets attributed to:			
Interest expense	-	155,004	155,004
Benefits paid to participants	2,728,248	-	2,728,248
Allocation of 591.9524 shares of company sponsor common stock, at fair value	-	536,818	536,818
Total deductions	2,728,248	691,822	3,420,070
Net increase	19,305,637	2,387,544	21,693,181
Net assets available for benefits:			
Beginning of year	64,473,614	2,148,990	66,622,604
End of year	$83,779,251	$ 4,536,534	$88,315,785

See accompanying notes to the financial statements.

A. Description of the Plan

The following description of the Cornerstone Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

1. *General*. Cornerstone Business Holdings, Inc. (the Company) established the Cornerstone Employee Stock Ownership Plan effective as of January 1, 2004. As of January 1, 2009, the Plan was restated and operates, in relevant part, as a leveraged employee stock ownership plan (ESOP), and is designed to comply with section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1896, as amended (IRC) and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan is administered by a Benefits Committee comprising of the plan administrator, as appointed by the Company. The trust department of an independent third-party bank is the Plan's Trustee.

   The Plan purchased Company common stock using the proceeds of borrowings from the Company, and holds the common stock in a trust established under the Plan. The borrowings are to be repaid over a period of twenty years by fully deductible Company contributions to the trust fund. As the Plan makes each payment of principal, and appropriate percentage of stock will be allocated to eligible employees' accounts in accordance with applicable regulations under the IRC.

   The borrowings are collateralized by the unallocated shares of common stock. Accordingly, the financial statements of the Plan as of December 31, 2016 and 2015, and for the year ended December 31, 2016, present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with vested rights in allocated common stock (Allocated) and (b) common stock not yet allocated to employees (Unallocated), including shares that are committed to be released. Shares are released from collateral and become allocated generally in the period in which debt service is actually paid.

2. *Eligibility.* Employees of the Company and its participating subsidiaries are generally eligible to participate in the Plan upon hire. Participants who are not employed on the last day of the plan year are generally not eligible for an allocation of Company contributions for such year.

3. *Contributions.* The Company is obligated to make contributions in cash to the Plan which, when aggregated with the Plan's dividends and interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loans. Employees are not permitted to make contributions.

4. *Payment of Benefits.* Distributions on account of death, disability, or retirement are made in the Plan year following the event. Distributions for other separations from are made as requested by the terminated participant. Distribution of a participant's benefit shall be made in cash or in shares of company stock subject to a put option, and are made as a lump-sum payment if the balance does not exceed $10,000. Amounts in excess of $10,000 are paid in annual installments according to the Plan's distribution policy, not to exceed 9 years, unless otherwise elected by the participant.

A. Description of the Plan (Continued)

5. *Voting Rights*. Each participant is entitled to exercise voting rights attributable to the shares allocated to his or her account and is notified by the Trustee prior to the time that such rights are to be exercised. The Trustee is not permitted to vote any allocated share for which instructions have not been given by a participant. The Trustee is required, however, to vote any unallocated shares on behalf of the collective best interest of the plan participants and beneficiaries.

6. *Plan Termination*. The Company reserves the right to terminate the Plan at any time, subject to Plan provisions. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan terms and the IRC. Upon termination of the Plan, all amounts credited to the affected participants' accounts shall become 100% vested and shall not be subject to forfeiture. All unallocated amounts, including forfeitures, shall be allocated to the accounts of all participants in accordance with Plan provisions.

7. *Participant Accounts*. The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited as of the last day of each plan year with an allocation of shares of the Company's common stock released by the Trustee from the unallocated account and forfeitures of terminated participants' non vested accounts. Only those participants who are eligible employees of the Company as of the last day of the plan year will receive an allocation. Allocations are based on a participants' eligible compensation, relative to total eligible compensation. Plan earnings are allocated to each participant's account based on the ratio of the participant's beginning of the year account balance to all participants' beginning of the year account balances.

8. *Vesting*. An employee's credited service shall be the number of plan years in with the employee is credited with at least 1,000 hours of service. Participants are vested in their account as follows:

Less than 2 years	0%
2	20%
3	40%
4	60%
5	80%
6 or more years	100%

9. *Put Option*. Under Federal income tax regulations, the employer stock that is held by the Plan and its participants and is not readily tradable on an established market, or is subject to trading limitations, includes a put option. The put option is a right to demand that the Company buy any shares of its stock distributed to participants for which there is no market. The put price is representative of the current appraised value of the stock. The Company can pay for the purchase with interest over a period of five years. The purpose of the put option is to ensure that the participant has the ability to ultimately obtain cash.

   During 2016, under the put option, the Company repurchased 1,139.447 shares for $787,495 ($691.12 per share). The plan repurchased the shares from the Company for an equal amount in exchange for a promissory note to fund the redemption of the stock.

A. Description of the Plan (Continued)

10. *Diversification.* Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company common stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50%. Participants who elect to diversify receive a cash distribution. Participants eligible to diversify make their election after year-end based on the number of shares of the employer's stock held in their account at year-end.

11. *Forfeitures.* Plan forfeitures are allocated to each participant's account based upon the relation of the participant's compensation to total compensation for the Plan year. Forfeitures of terminated non-vested account balances allocated to remaining participants at December 31, 2016 and 2015, totaled $58,117 in cash and 137.6027 in shares and $32,127 in cash and 165.6135 in shares, respectively. There were no remaining unallocated forfeiture balances at December 31, 2016 or 2015.

B. Summary of Accounting Policies

The following summary of significant accounting policies is presented to assist in the understanding of the Cornerstone Employee Stock Ownership Plan's financial statements. The financial statements and notes are the representation of the Plan administrator who is responsible for their integrity and objectivity. The financial statements of the Plan have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for established accounting and financial reporting principals. The more significant of the Plan's accounting policies are described below.

1. *Date of Management's Review.* Subsequent events were evaluated through October 16, 2017, which is the date the financial statements were available to be issued.

2. *Basis of Accounting.* The financial statements of the Plan are prepared under the accrual method of accounting.

3. *Use of Estimates.* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

4. *Investment Valuation and Income Recognition.* The shares of Company common stock are valued at fair value. See Note C for discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis.

   Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

B. Summary of Accounting Policies (continued)

5. *Payment of Benefits.* Benefits are recorded when paid.

6. *Operating Expenses.* All expenses of maintaining the Plan are paid by the Company.

C. Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to measure the fair value of certain financial instruments could result in a different fair value at the reporting date.

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable measurements (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

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

Level 2. Inputs to the valuation methodology include:

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

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used at December 31, 2016 and 2015.

C. Fair Value Measurements (continued)

The fair value of the Company's common stock is based on an annual independent appraisal. This appraisal was based on a combination of income and market valuation approaches consistent with prior years. The appraiser took into account as unobservable inputs, historical and projected cash flow and net earnings, weighted average cost of capital, market comparables, and applicable discounts and premiums.

The fair value of the Company's common stock was $906.86 and $691.12 per share at December 31, 2016 and 2015 respectively.

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

The following tables sets forth by level, within the fair value hierarchy, the Plan's fair value measurements at December 31, 2016 and 2015:

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Investment in sponsor company common stock	$ -	$ -	$90,686,000	$90,686,000

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Investment in sponsor company common stock	$ -	$ -	$69,112,000	$69,112,000

The investments in sponsor company common stock represent total assets at fair value for both December 31, 2016 and 2015.

The following tables provide further details of the Plan's Level 3 fair value measurement.

Year Ended December 31, 2016

Beginning balance	$69,112,000
Unrealized appreciation in estimated fair value	21,574,000
Ending Balance	$90,686,000

C. Fair Value Measurements (continued)

Gains and losses included in changes in net assets available for benefits for the year ended December 31, 2016, are reported in net appreciation in fair value of investments.

The Plan's policy is to recognize transfers into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the year ended December 31, 2016, there were no significant transfers into or out of Level 3.

D. Tax Status

The Internal Revenue Service has determined, by a letter dated February 16, 2012, that the form of the plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). The plan has been amended since receiving the determination letter. However, the plan administrator believes that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

Generally accepted accounting principles prescribe requirements for the recognition, measurement, classification, and disclosure in the financial statements of uncertain tax positions taken or expected to be taken by the Plan. The Plan Administrator has evaluated the Plan's design and operation and has concluded that the Plan is designed and has been operated in compliance with the applicable requirements of the IRC. Further, the Plan Administrator believes that the Plan has maintained its tax exempt status and has taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. The Plan is subject to routine audits by the taxing authorities and generally, the Plan's tax returns remain open for federal income tax examination for 2014, 2015 and 2016.

Through the normal operation of the Plan, it is subject to audit or review by the U.S. Department of Labor, the Internal Revenue Service, and potentially other related organizations. It is the opinion of the Plan Administrator and the Third Party Administrator that the Plan is being operated consistent with the various laws and regulation affecting employee benefit plans as well as plan documents. Thus, any impact of the Plan from audits or reviews by these regulatory organizations is unknown at this time but in the opinion of the management would be minimal.

E. Administration of Plan Assets

The Plan's assets, which consist principally of Company common stock, are held by the Trustee of the Plan.

Company contributions are held and managed by the Trustee, which invests cash received, interest, and dividend income and makes distributions to participants. The Trustee also administers the payment of interest and principal on the loans, which is reimbursed to the Trustee through contributions as determined by the Company.

F. Investments

The Plan's investments in Company common stock at December 31, 2016 and 2015, are as follows:

	2016		2015	
	Allocated	Unallocated	Allocated	Unallocated
Number of Shares	88,102.6835	11,897.3165	88,650.1782	11,349.8218
Cost	$ 5,872,274	$ 792,987	$ 5,908,766	$ 756,495
Fair Value	$ 79,896,800	$ 10,789,200	$ 61,267,911	$ 7,844,089

G. Notes Payable

In 2014, the Company entered into an agreement with the Plan, in which the Plan borrowed $4,810,862 from the Company. This loan is secured by a portion of the Company's shares and is being repaid with 20 annual payments of $315,701, including interest at 2.74%. This note matures in December 2034.

In 2015, the Company entered into an agreement with the Plan, in which the Plan borrowed $1,068,120 from the Company. This loan is secured by a portion of the Company's shares and is being repaid with 20 annual payments of $69,231, including interest at 2.61%. This note matures in December 2035.

In 2016, the Company entered into an agreement with the Plan, in which the Plan borrowed $787,495 from the Company. This loan is secured by a portion of the Company's shares and is being repaid with 20 annual payments of $49,377, including interest at 2.26%. This note matures in December 2036.

The fair value of the notes payable as of December 31, 2016 and 2015 was $6,252,666 and $5,695,099, respectively was determined by comparison to similar debt for term and interest rates available. The scheduled amortization of these loans over the next five years and thereafter is as follows:

December 31,	
2017	$ 268,100
2018	275,240
2019	282,570
2020	289,807
2021 and Thereafter	5,136,949
	$ 6,252,666

H. Risks and Uncertainties

The Plan's investments consist primarily of the Company's common stock, which is exposed to various risks, including interest rate, market, and credit risks as well as valuation assumptions based on earnings and cash flows and other such techniques. Due to the level of risk associated with the investment in common stock and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

I. Related-Party and Party-in-Interest Transactions

The Plan invests in Company common stock and has notes payable to the Company. These are related party and party-in-interest transactions. As described in Note B, the Company pays the expenses of the Plan. The Plan also has a number of service providers. Such parties are parties-in-interest under ERISA.

Supplemental Schedule

Cornerstone Employee Stock Ownership Plan
Schedule H, Line 4i, Schedule of Assets Held (at End of Year), Form 5500
December 31, 2016
(EIN 75-2770236, Plan Number 002)

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
*	Cornerstone Business Holdings	Sponsor company common stock	$ 6,665,261	$ 90,686,000
	Cash	Cash	1,311,729	1,311,729
Total Investments			$ 7,976,990	$ 91,997,729

* Indicates party-in-interest

Schedule H, Line 4i
Schedule of Assets (Held At End of Year)

Name of Plan:

► Cornerstone Employee Stock Ownership Plan

Employer Identification Number:► 75-2770236

For plan year (beginning/ending):► 01/01/2016-12/31/2016 Plan number:► 002

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
*	Cornerstone Business Holdings, Inc.	100,000 shares of Common Stock	6,665,261	90,686,000
	First Banker's Trust	cash	1,311,729	1,311,729

