PENN CENTRAL CONFERENCE OF THE UNITED CHURCH OF CHRIST

YEARS ENDED DECEMBER 31, 2023 AND 2022

Brown Plus
ACCOUNTANTS + ADVISORS

PENN CENTRAL CONFERENCE OF THE UNITED CHURCH OF CHRIST

YEARS ENDED DECEMBER 31, 2023 AND 2022

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Brown Plus
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Independent Auditor's Report

Board of Directors
Penn Central Conference of the United Church of Christ
Harrisburg, Pennsylvania

Opinion

We have audited the accompanying financial statements of Penn Central Conference of the United Church of Christ (the Conference), which comprise the statements of financial position as of December 31, 2023 and 2022 and the related statements of activities, functional expenses, changes in net assets and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Penn Central Conference of the United Church of Christ as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Conference and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Conference's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conference'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.

Brown Plus

Camp Hill, Pennsylvania
February 25, 2025

PENN CENTRAL CONFERENCE OF THE UNITED CHURCH OF CHRIST

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Current assets:		
Cash	$ 336,826	$ 1,013,896
Prepaid expenses	546	3,699
Security deposit	1,970	1,970
Total current assets	**339,342**	**1,019,565**
Property and equipment, net	17,084	18,042
Right-of-use asset, operating, net of accumulated amortization	87,568	108,036
Investments	1,820,692	978,952
Total assets	**$ 2,264,686**	**$ 2,124,595**
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 17,719	$ 13,773
Accrued expenses	20	
Current portion of:		
Operating lease liability	21,177	19,773
Refundable advances	72,656	63,229
Total current liabilities	**111,572**	**96,775**
Long-term portion of operating lease liability	**68,256**	**89,432**
Total liabilities	**179,828**	**186,207**
Net assets without donor restrictions:		
Undesignated	876,585	1,264,462
Designated	1,208,273	673,926
Total net assets without donor restrictions	**2,084,858**	**1,938,388**
Total liabilities and net assets without donor restrictions	**$ 2,264,686**	**$ 2,124,595**

See notes to financial statements.

PENN CENTRAL CONFERENCE OF THE UNITED CHURCH OF CHRIST

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without donor restrictions		
	Undesignated	Designated	Total
Support, revenue and gains:			
Contributions	$ 658,183	$ 111,196	$ 769,379
Registrations and subscriptions	24,462		24,462
Unrealized gain on investments	76,872	101,461	178,333
Interest and dividends	18,975	20,673	39,648
Total support, revenue and gains	**778,492**	**233,330**	**1,011,822**
Expenses:			
Program services:			
Our Church's Wider Mission	144,000		144,000
Other ministries	346,462	45,238	391,700
Total program services	490,462	45,238	535,700
Supporting service, management and general	329,652		329,652
Total expenses	**820,114**	**45,238**	**865,352**
Changes in net assets without donor restrictions	**$ (41,622)**	**$ 188,092**	**$ 146,470**

See notes to financial statements.

PENN CENTRAL CONFERENCE OF THE UNITED CHURCH OF CHRIST

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without donor restrictions		
	Undesignated	Designated	Total
Support, revenue and gains (losses):			
Contributions	$ 694,648	$ 94,028	$ 788,676
Registrations and subscriptions	4,694		4,694
Unrealized loss on investments	(125,208)	(116,241)	(241,449)
Gain on sale of investments	51,703	25,165	76,868
Interest and dividends	12,393	7,512	19,905
Total support, revenue and gains (losses)	**638,230**	**10,464**	**648,694**
Expenses:			
Program services:			
Our Church's Wider Mission	144,240		144,240
Other ministries	305,158	26,611	331,769
Total program services	449,398	26,611	476,009
Supporting service, management and general	312,495		312,495
Total expenses	**761,893**	**26,611**	**788,504**
Changes in net assets without donor restrictions	**$ (123,663)**	**$ (16,147)**	**$ (139,810)**

See notes to financial statements.

PENN CENTRAL CONFERENCE OF THE UNITED CHURCH OF CHRIST

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program services			Supporting service	
	Our Church's Wider Mission	Other ministries	Total program	Management and general	Total expenses
Salaries, taxes and benefits		$ 170,739	$ 170,739	$ 179,961	$ 350,700
Travel		30,012	30,012	6,522	36,534
Professional services				40,864	40,864
Maintenance				3,018	3,018
Occupancy and utilities				9,789	9,789
Supplies and office expense		265	265	5,638	5,903
Depreciation				958	958
Amortization				20,468	20,468
Interest				4,421	4,421
Ministry contributions	$ 144,000	89,021	233,021		233,021
Events and meetings		38,503	38,503	40,150	78,653
Training		1,925	1,925		1,925
Insurance				10,411	10,411
Camps and retreats		61,235	61,235		61,235
Other				7,452	7,452
Total expenses	**$ 144,000**	**$ 391,700**	**$ 535,700**	**$ 329,652**	**$ 865,352**

See notes to financial statements.

PENN CENTRAL CONFERENCE OF THE UNITED CHURCH OF CHRIST

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program services			Supporting service	
	Our Church's Wider Mission	Other ministries	Total program	Management and general	Total expenses
Salaries, taxes and benefits		$ 198,060	$ 198,060	$ 199,717	$ 397,777
Travel		18,793	18,793	6,168	24,961
Professional services				38,194	38,194
Maintenance				4,963	4,963
Occupancy and utilities				7,171	7,171
Supplies and office expense				9,894	9,894
Depreciation				1,588	1,588
Amortization				19,609	19,609
Interest				6,237	6,237
Ministry contributions	$ 144,240	83,517	227,757		227,757
Events and meetings		15,248	15,248	2,200	17,448
Training		3,015	3,015		3,015
Insurance				8,114	8,114
Camps and retreats		13,101	13,101		13,101
Other		35	35	8,640	8,675
Total expenses	**$ 144,240**	**$ 331,769**	**$ 476,009**	**$ 312,495**	**$ 788,504**

See notes to financial statements.

PENN CENTRAL CONFERENCE OF THE UNITED CHURCH OF CHRIST

STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	Without donor restrictions		
	Undesignated	Designated	Total
Net assets without donor restrictions, January 1, 2022	**$ 1,696,935**	**$ 381,263**	**$ 2,078,198**
Changes in net assets without donor restrictions	(123,663)	(16,147)	(139,810)
Subtotal	1,573,272	365,116	1,938,388
Designation of investments	(461,328)	461,328	-
Use of designated funds	152,518	(152,518)	-
Net assets without donor restrictions, December 31, 2022	**1,264,462**	**673,926**	**1,938,388**
Changes in net assets without donor restrictions	(41,622)	188,092	146,470
Subtotal	1,222,840	862,018	2,084,858
Designation of investments	(641,933)	641,933	-
Use of designated funds	295,678	(295,678)	-
Net assets without donor restrictions, December 31, 2023	**$ 876,585**	**$ 1,208,273**	**$ 2,084,858**

See notes to financial statements.

PENN CENTRAL CONFERENCE OF THE UNITED CHURCH OF CHRIST

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities:		
Changes in net assets without donor restrictions	$ 146,470	$ (139,810)
Adjustments:		
Depreciation	958	1,588
Amortization of right-of-use asset	20,468	19,609
Gain on sale of investments		(76,868)
Unrealized (gain) loss on investments	(178,333)	241,449
Decrease in prepaid expenses	3,153	3,798
Increase (decrease) in liabilities:		
Accounts payable	3,946	(16,527)
Accrued expenses	20	(339)
Operating lease liability, principal	(19,772)	(18,440)
Refundable advances	9,427	(25,323)
Total adjustments	(160,133)	128,947
Net cash used in operating activities	**(13,663)**	**(10,863)**
Cash flows from investing activities:		
Purchases of investments	(1,183,205)	(577,739)
Proceeds from sale of investments	519,798	208,084
Net cash used in investing activities	**(663,407)**	**(369,655)**
Cash flows used in financing activities, repayments on line of credit		**(48,242)**
Net decrease in cash	**(677,070)**	**(428,760)**
Cash:		
Beginning of year	1,013,896	1,442,656
End of year	**$ 336,826**	**$ 1,013,896**
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 4,421	$ 6,237

See notes to financial statements.

1. Nature of organization and significant accounting policies:

Nature of organization:

The mission of Penn Central Conference of the United Church of Christ (a Pennsylvania nonprofit corporation) (the Conference) is to proclaim the good news of Jesus Christ, which includes funding for projects and programs, placing ministers, providing pastoral care and offering outdoor ministries. The Conference's primary source of revenue is contributions from churches.

Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized in the accounting period in which the obligation is incurred.

Basis of presentation:

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Conference is required to report information regarding its financial position and activities in up to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

A summary of the net asset categories included in the accompanying financial statements is as follows:

<u>Net assets without donor restrictions</u> – Net assets that are not subject to donor-imposed stipulations. Also included in this category are net assets subject to self-imposed limits by action of the Board. The Board may earmark net assets for future programs, purchase of fixed assets or other uses.

<u>Net assets with donor restrictions</u> – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Conference and/or the passage of time and net assets subject to donor-imposed stipulations that must be maintained permanently by the Conference. The Conference currently has no net assets with donor restrictions.

Property and equipment:

Property and equipment are stated at cost and are depreciated on the straight-line method over the estimated average useful lives of the assets as follows: land improvements, 15 years; buildings and building improvements, 20 to 30 years; leasehold improvements, 20 years; equipment, 5 to 10 years and office equipment, 5 to 10 years.

The Conference's policy is to capitalize property and equipment expenditures of $5,000 or more.

Investments:

Investments in certificates of deposit and mutual funds are recorded at fair values. Unrealized gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

1. Nature of organization and significant accounting policies (continued):

Revenue recognition:

The Conference generates revenue from several sources, including contributions and registration fees from events and camps.

Unconditional contributions are recognized as revenue when received and considered to be available for use unless specifically restricted by the donor. Amounts restricted by the donor for future periods or specific purposes are reported as net assets with donor restrictions. Amounts received without donor restrictions are reported as net assets without donor restrictions. Designated contributions received by the Conference contain the provision that the Conference maintains variance power over the funds, allowing the Conference to transfer funds as necessary. Conditional contributions are not recognized as revenue until the conditions have been satisfied. The Conference did not receive any conditional contributions in 2023 and 2022.

In addition to these contributions, the Conference also receives funds for which the donor has named other organizations as the beneficiary, and has not granted the Conference variance power over the funds. The Conference records these funds as a refundable advance on the statements of financial position until the funds are processed and remitted to the specified parties. The Conference does not recognize any revenue or expense related to the transactions.

The Conference holds several events during the year, including an annual meeting and a clergy convocation event, and hosts camps and retreats. A registration fee is charged for the events and the camps. When each event or camp is held, the Conference has fulfilled its performance obligation to the registrants and revenue is recognized. Any registrations received in advance of the event or camp are considered unearned revenue until the event or camp has been held.

Contributed nonfinancial assets:

Contributions of property and equipment are recorded as contributions at fair value at the date of donation. Such contributions are also reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. The Conference currently has no donor restricted contributions of donated assets.

Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of support and revenue and expense during the reporting period. Accordingly, actual results could differ from those estimates.

Functional expenses:

Natural expenses attributable to more than one functional category are allocated using management's estimate of staff time spent on each program and supporting administrative services. Costs directly related to a program or supporting service are charged directly to that program or supporting service.

1. Nature of organization and significant accounting policies (continued):

Leases:

The Organization combines and accounts for lease and nonlease components as a single lease component for leases of office space. The Organization has elected the short-term lease exception to not recognize leases with a lease term of 12 months or less on the statements of financial position.

2. Adoption of new accounting pronouncement:

On January 1, 2023, the Organization adopted Accounting Standards Update (ASU) 2016-13 *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions and reasonable and supportable forecasts, and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Organization adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. There was no impact to the financial statements as a result of adopting ASC 326.

3. Cash:

Cash consisted of the following as of December 31:

	2023	2022
Checking and petty cash	$ 336,826	$ 1,013,896

At times during the years ended December 31, 2023 and 2022, the Conference’s cash balances may exceed the federally insured limit of $250,000 per bank. The Conference’s cash balances did not exceed the limit at December 31, 2023. The Conference’s cash balances exceeded the limit by $638,859 at December 31, 2022.

4. Financial assets and liquidity resources:

As of December 31, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, payments on loans and purchases of property and equipment, were as follows:

	2023	2022
Financial assets:		
Cash	$ 336,826	$ 1,013,896
Investments	1,820,692	978,952
Total financial assets	2,157,518	1,992,848
Designated net assets without donor restrictions	(1,208,273)	(673,926)
Total financial assets available within one year	$ 949,245	$ 1,318,922

The Conference maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. To manage unanticipated liquidity needs, the Conference maintains a $100,000 line of credit with a bank that can be drawn upon as needed during the year to manage cash flows. The Conference had no outstanding balance on the line of credit at December 31, 2023 and 2022. In addition, the Conference has board-designated investments of $641,933 and $461,328 at December 31, 2023 and 2022, respectively, that can be converted to cash if needed to manage cash flows.

The Conference's primary cash flows are received throughout the year and are primarily attributed to contributions from churches. These cash flows could contain designations made by the Conference's board.

5. Investments:

The Conference has investments in Diversified Common Investment Funds (UCF Balanced Fund and Beyond Fossil Fuels Fund), which are administered by the United Church Funds.

The cost and fair value of the investments at December 31, 2023 and 2022 were as follows:

2023	Cost	Fair value
UCF Balanced Fund and Beyond Fossil Fuels Fund:		
Conference	$ 170,168	$ 400,301
Outdoor ministries	1,035,730	1,103,262
Wilbur Valentine bequest	152,610	183,087
St. John's UCC Lebanon	122,274	134,042
Total investments	$ 1,480,782	$ 1,820,692

2022	Cost	Fair value
UCF Balanced Fund and Beyond Fossil Fuels Fund:		
Conference	$ 162,662	$ 348,426
Outdoor ministries	495,257	461,328
Wilbur Valentine bequest	149,312	159,857
St. John's UCC Lebanon	10,144	9,341
Total investments	$ 817,375	$ 978,952

FASB ASC 820, *Fair Value Measurement*, establishes a three-level hierarchy for fair value measurements to clarify the valuation of an asset as follows:

Level 1 – Quoted prices in active markets for identical investments.

Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.).

Level 3 – Significant unobservable inputs (including the Conference's own assumptions in determining the fair value of investments).

The following valuation technique was used to measure fair value of assets on a recurring basis:

<u>UCF Balanced Fund and Beyond Fossil Fuels Fund</u> – The investments are both Level 1 investments. The market value of the funds is determined based on the quoted prices in active markets of the funds' underlying assets.

5. Investments (continued):

For assets falling within Level 1 in the fair value hierarchy, the activity recognized is as follows for the years ended December 31:

	2023	2022
Balance, beginning	$ 978,952	$ 773,878
Purchases	1,183,205	577,739
Proceeds from sales	(519,798)	(56,201)
Withdrawals and transfers		(151,883)
Unrealized gains (losses)	178,333	(241,449)
Realized gains		76,868
Balance, ending	$ 1,820,692	$ 978,952

The unrealized gains (losses) for the UCF Balanced Fund and the Beyond Fossil Fuels Fund are included as unrealized gains (losses) on investments in the statements of activities.

6. Property and equipment:

Property and equipment at December 31, 2023 and 2022 consisted of the following:

	2023	2022
Office furniture and equipment	$ 5,400	$ 5,400
Leasehold improvements	19,160	19,160
	24,560	24,560
Accumulated depreciation	(7,476)	(6,518)
	$ 17,084	$ 18,042

Depreciation expense amounted to $958 and $1,588 for the years ended December 31, 2023 and 2022, respectively.

7. Endowment:

The Conference's endowments consist of several funds designated by the Board of Directors to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2022, there were no donor-imposed restrictions within the endowment funds and the funds designated by the Board of Directors to function as an endowment were closed.

7. Endowment (continued):

The following schedule represents the changes in the without donor restrictions, board-designated endowment net assets for the year ended December 31, 2022:

Endowment net assets without donor restrictions, beginning of year	$ 95,619
Investment return, net losses, realized and unrealized	(26,124)
Sale of investments	(49,009)
Withdrawals	(20,486)
Endowment net assets without donor restrictions, end of year	$ -

Returns objectives and risk parameters:

The Conference has adopted the investment policy of the United Church Funds, which currently invests the Conference's funds. Endowment assets include only board-designated funds. Under this policy, and as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that allow the Conference to fund the appropriate programs while assuming a moderate level of investment risk.

Strategies employed for achieving objectives:

The Conference relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Conference targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment spending policy and how the investment objectives relate to the spending policy:

As the Conference currently holds no donor-restricted endowment funds, the spending of the board-designated funds is at the Board's discretion. The Board of Directors approves annual disbursements from the funds on a specific need basis with no annual disbursement of more than 5% of the board-designated endowment fund's five-year rolling average as determined by the United Church Funds. The Board, however, can approve a change to the designated funds and spending at any time.

8. Line of credit:

The Conference entered into a line of credit agreement with a bank in June 2016 whereby it may borrow $100,000 on a line of credit. The line of credit carries an interest rate of *The Wall Street Journal* prime rate (8.50% at December 31, 2023) plus 1.00%, with a floor of 4.50%. The Conference had no outstanding balance on the line of credit at December 31, 2023 and 2022. For the years ended December 31, 2023 and 2022, interest expense on the line of credit amounted to $0 and $957, respectively.

9. Board-designated net assets:

The board-designated funds consisted of the following as of December 31, 2023 and 2022:

	2023	2022
Outdoor ministries	$ 1,135,522	$ 602,304
Disaster plan	1,276	1,026
Annual meeting	15,655	15,655
CPONA	2,480	2,261
Dakota association	9,738	9,173
Namibia partnership	14,808	14,808
UEK partnership	6,672	6,672
Congregation vitality future fund	95	
Creation Justice	650	650
Martha Thornton balance	2,330	2,330
Partners in Peace	3,060	3,060
Disability Ministry	937	937
UCC Historical Society	50	50
Conference office upgrades	5,000	5,000
UCF Pastoral Scholarship	10,000	10,000
	$ 1,208,273	$ 673,926

10. Related party transactions:

The Conference is directly affiliated with the National Office of United Church of Christ. A portion of contributions from Conference churches to the Our Church's Wider Mission (OCWM) Program, as well as other contributions received by the Conference, are designated by management to be paid directly to the national office or other designees.

11. Retirement plan:

The Conference participates in a defined contribution plan, which covers all eligible ministers and lay workers affiliated with the United Church of Christ. Participants are vested immediately upon the first contribution payment by the employer. The plan permits voluntary employee contributions. Retirement expense amounted to $26,396 and $35,318 for the years ended December 31, 2023 and 2022, respectively.

12. Lease commitments:

The Conference leases office space. The resulting obligation arising from the contract is generated by the office space lease, which is classified as an operating lease. The Conference recognizes lease expense on a straight-line basis over the term of the lease, taking into account, when applicable, lessor incentives for tenant improvements, periods where no rent payment is required and escalations in rent payments over the term of the lease. The lease automatically renews unless terminated in writing. The Conference reasonably expects to renew through October 2027. The Conference's lease agreement does not contain any material residual value guarantees or material restrictive covenants. As of December 31, 2023, the right-of-use asset, net of accumulated amortization and corresponding lease liability reflected on the statements of financial position, were $87,568 and $89,433, respectively.

The weighted-average discount rate and lease term assumptions used in determining the liability are 4.50% and 4.75 years, respectively. The primary assumption used to determine the discount rate was the Conference's incremental borrowing rate at the time of adoption.

The following table shows the right-of-use assets and lease liabilities, and the associated financial statements line items, as of December 31, 2023.

Lease-related assets and liabilities	Financial statement line items	2023
Right-of-use assets:		
Operating leases	Right-of-use asset, operating, net of accumulated amortization	$ 87,568
Lease liabilities:		
Operating leases	Operating lease liability, current portion	$ 21,177
	Operating lease liability, net of current portion	68,256
Total lease liabilities		$ 89,433

Amortization and interest expense on the lease totaled $20,468 and $4,421, respectively, during the year ended December 31, 2023.

12. Lease commitments (continued):

Future minimum payments under the operating lease are as follows:

Year ended December 31,	
2024	$ 24,677
2025	25,171
2026	25,674
2027	21,750
Total future undiscounted lease payments	97,272
Present value discount	(7,839)
Lease liability	$ 89,433

13. Income taxes:

The Conference has been recognized as exempt from United States federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Conference is recognized as an association of churches within the meaning of Section 170 (b)(1)(A)(i) of the Internal Revenue Code. As such, the Conference is not required to file a Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-T, *Exempt Organization Business Income Tax Return*, with the United States government annually.

14. Subsequent events:

On November 9, 2024, the Conference's Board of Directors and delegates approved a motion to submit a formal proposal to the General Synod of the United Church of Christ approving the merger of the Penn Central, Penn Northeast, Penn West and Pennsylvania Southeast Conferences of the United Church of Christ to form the Keystone Conference of the United Church of Christ effective January 1, 2026. The General Synod of the United Church of Christ is expected to vote on the proposed merger at its biennial meeting in July 2025.

The Conference has evaluated subsequent events through February 25, 2025, the date that the financial statements were available to be issued.

Independent Auditor's Report
on Supplemental Information

Board of Directors
Penn Central Conference of the United Church of Christ
Harrisburg, Pennsylvania

We have audited the financial statements of Penn Central Conference of the United Church of Christ as of and for the years ended December 31, 2023 and 2022, and our report thereon dated February 25, 2025, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The contributions, undesignated and the contributions, designated are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of 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.

Brown Plus

Camp Hill, Pennsylvania
February 25, 2025

PENN CENTRAL CONFERENCE OF THE UNITED CHURCH OF CHRIST

SCHEDULES OF CONTRIBUTIONS - UNDESIGNATED
YEARS ENDED DECEMBER 31, 2023 AND 2022
(See independent auditor's report on supplemental information)

	2023	2022
Our Church's Wider Mission, Conference	$ 658,183	$ 691,227
Outdoor ministries		3,421
	$ 658,183	$ 694,648

PENN CENTRAL CONFERENCE OF THE UNITED CHURCH OF CHRIST

SCHEDULES OF CONTRIBUTIONS - DESIGNATED
YEARS ENDED DECEMBER 31, 2023 AND 2022
(See independent auditor's report on supplemental information)

	2023		2022	
	Receipts	Expenses	Receipts	Expenses
Special support ministries	$ 108,271	$ 15,355	$ 93,328	$ 26,611
Disaster plan	250			
General Synod	2,675	29,883	700	
	$ 111,196	$ 45,238	$ 94,028	$ 26,611