

Form 5500

Annual Return/Report of Employee Benefit Plan

OMB Nos. 1210-0110 1210-0089

2024

This Form is Open to Public Inspection

Department of the Treasury Internal Revenue Service

Department of Labor Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

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.

Part I Annual Report Identification Information

For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

- A This return/report is for: a multiemployer plan, a multiple-employer plan, a single-employer plan, a DFE, etc.
B This return/report is: the first return/report, the final return/report, an amended return/report, a short plan year return/report, etc.
C If the plan is a collectively-bargained plan, check here.
D Check box if filing under: Form 5558, automatic extension, the DFVC program, special extension, etc.
E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.

Part II Basic Plan Information—enter all requested information

1a Name of plan: CENTRAL PENN, INC. EMPLOYEE STOCK OWNERSHIP PLAN
1b Three-digit plan number (PN): 001
1c Effective date of plan: 09/01/1984
2a Plan sponsor's name, mailing address, city or town, state or province, country, and ZIP or foreign postal code.
2b Employer Identification Number (EIN): 23-1857027
2c Plan Sponsor's telephone number: 717-732-0702
2d Business code (see instructions): 611000

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.

Table with 4 columns: SIGN HERE, Signature of plan administrator, Date, Enter name of individual signing as plan administrator. Includes rows for employer/plan sponsor and DFE.

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2024) v. 240311

3a Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor CENTRAL PENN, INC. 600 VALLEY ROAD ENOLA, PA 17025	3b Administrator's EIN 23-1857027 3c Administrator's telephone number 717-732-0702
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4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
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5 Total number of participants at the beginning of the plan year	5	167
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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)	88
a(2) Total number of active participants at the end of the plan year	6a(2)	83
b Retired or separated participants receiving benefits.....	6b	22
c Other retired or separated participants entitled to future benefits	6c	53
d Subtotal. Add lines 6a(2) , 6b , and 6c	6d	158
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e	0
f Total. Add lines 6d and 6e	6f	158
g(1) Number of participants with account balances as of the beginning of the plan year (only defined contribution plans complete this item)	6g(1)	157
g(2) Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g(2)	153
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	14

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:
 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) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

<p>a Pension Schedules</p> <p>(1) <input checked="" type="checkbox"/> R (Retirement Plan Information)</p> <p>(2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary</p> <p>(3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary</p> <p>(4) <input type="checkbox"/> DCG (Individual Plan Information) – Number Attached _____</p> <p>(5) <input type="checkbox"/> MEP (Multiple-Employer Retirement Plan Information)</p>	<p>b General Schedules</p> <p>(1) <input checked="" type="checkbox"/> H (Financial Information)</p> <p>(2) <input type="checkbox"/> I (Financial Information – Small Plan)</p> <p>(3) <input type="checkbox"/> A (Insurance Information) – Number Attached <u>0</u></p> <p>(4) <input type="checkbox"/> C (Service Provider Information)</p> <p>(5) <input type="checkbox"/> D (DFE/Participating Plan Information)</p> <p>(6) <input type="checkbox"/> G (Financial Transaction Schedules)</p>
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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 2024 Form M-1 annual report. If the plan was not required to file the 2024 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) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2024 This Form is Open to Public Inspection
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For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024	
A Name of plan CENTRAL PENN, INC. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 CENTRAL PENN, INC.	D Employer Identification Number (EIN) 23-1857027

Part I	Asset and Liability Statement
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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.

	(a) Beginning of Year	(b) End of Year
Assets		
a Total noninterest-bearing cash	1a	
b Receivables (less allowance for doubtful accounts):		
(1) Employer contributions	1b(1)	
(2) Participant contributions	1b(2)	
(3) Other	1b(3)	
c General investments:		
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	14846
(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)	

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)	5474796	4276873
(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	5492832	4291719
Liabilities			
g Benefit claims payable.....	1g		
h Operating payables.....	1h	410	1079
i Acquisition indebtedness.....	1i		
j Other liabilities.....	1j	2463161	2063500
k Total liabilities (add all amounts in lines 1g through 1j).....	1k	2463571	2064579
Net Assets			
l Net assets (subtract line 1k from line 1f).....	1l	3029261	2227140

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)	1211829	
(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)		1211829
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)		
(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)		0
(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)		
(5) Unrealized appreciation (depreciation) of assets:			
(A) Real estate.....	2b(5)(A)		
(B) Other.....	2b(5)(B)	-1197923	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B).....	2b(5)(C)		

		(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		13906

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	738191	
(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)		738191
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		77836
i Administrative expenses:			
(1) Salaries and allowances	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Recordkeeping fees	2i(3)		
(4) IQPA audit fees	2i(4)		
(5) Investment advisory and investment management fees	2i(5)		
(6) Bank or trust company trustee/custodial fees	2i(6)		
(7) Actuarial fees	2i(7)		
(8) Legal fees	2i(8)		
(9) Valuation/appraisal fees	2i(9)		
(10) Other trustee fees and expenses	2i(10)		
(11) Other expenses	2i(11)		
(12) Total administrative expenses. Add lines 2i(1) through (11)	2i(12)		0
j Total expenses. Add all expense amounts in column (b) and enter total	2j		816027

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-802121
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) Unmodified (2) Qualified (3) Disclaimer (4) Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) DOL Regulation 2520.103-8 (2) DOL Regulation 2520.103-12(d) (3) neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

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

(1) Name: **TROUT CPA**

(2) EIN: **23-1551315**

d The opinion of an independent qualified public accountant is **not attached** as part of Schedule H because:

(1) This form is filed for a CCT, PSA, DCG 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. DCGs do not complete lines 4e, 4f, 4k, 4l, and 5, and DCGs generally complete the rest of Part IV collectively for all plans in the DCG, except as otherwise provided (see instructions).

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.)		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.)		X	
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.)		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.)		X	
e Was this plan covered by a fidelity bond?	X		350000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		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?		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?		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.)	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.)		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?		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		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.			

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

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 Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) Yes No Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	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.	<small>OMB No. 1210-0110</small> 2024 This Form is Open to Public Inspection.
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For calendar plan year 2024 or fiscal plan year beginning 01/01/2024 and ending 12/31/2024

A Name of plan <u>CENTRAL PENN, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	B Three-digit plan number (PN) ▶	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CENTRAL PENN, INC.</u>	D Employer Identification Number (EIN) <u>23-1857027</u>	

Part I	Distributions
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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		0
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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): 23-2527882

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	
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Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
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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
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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.
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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 (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (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 deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: <input type="checkbox"/> last contributing employer <input type="checkbox"/> alternative <input type="checkbox"/> reasonable approximation (see instructions for required attachment).....	14a	
b The plan year immediately preceding the current plan year. <input type="checkbox"/> Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....	14b	
c The second preceding plan year. <input type="checkbox"/> Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....	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) and (b):

a Enter the percentage of plan assets held as:
 Public Equity: _____% Private Equity: _____% Investment-Grade Debt and Interest Rate Hedging Assets: _____%
 High-Yield Debt: _____% Real Assets: _____% Cash or Cash Equivalents: _____% Other: _____%

b Provide the average duration of the Investment-Grade Debt and Interest Rate Hedging Assets:
 0-5 years 5-10 years 10-15 years 15 years or more

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? Yes No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:
 Yes.
 No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.
 No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.
 No. Other. Provide explanation: _____

Part VII IRS Compliance Questions

21a Does the plan satisfy the coverage and nondiscrimination tests of Code sections 410(b) and 401(a)(4) by combining this plan with any other plans under the permissive aggregation rules? Yes No

21b If this is a Code section 401(k) plan, check all boxes that apply to indicate how the plan is intended to satisfy the nondiscrimination requirements for employee deferrals and employer matching contributions (as applicable) under Code sections 401(k)(3) and 401(m)(2).
 Design-based safe harbor method
 "Prior year" ADP test
 "Current year" ADP test
 N/A

22 If the plan sponsor is an adopter of a pre-approved plan that received a favorable IRS Opinion Letter, enter the date of the Opinion Letter ___/___/____ (MM/DD/YYYY) and the Opinion Letter serial number _____.

Central Penn, Inc. Employee Stock Ownership Plan

Years Ended December 31, 2024 and 2023

Central Penn, Inc. Employee Stock Ownership Plan

Financial Statements with Supplementary Information

Years Ended December 31, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Trustees
Central Penn, Inc. Employee Stock Ownership Plan
Enola, Pennsylvania

Opinion

We have audited the accompanying financial statements of **Central Penn, Inc. Employee Stock Ownership Plan** (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits as of December 31, 2024 and 2023, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of **Central Penn, Inc. Employee Stock Ownership Plan** as of December 31, 2024 and 2023, and the changes in its net assets available for benefits 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Central Penn, Inc. Employee Stock Ownership Plan** 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 **Central Penn, Inc. Employee Stock Ownership Plan's** ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current Plan instrument, including all Plan amendments; administering the Plan; and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **entral Penn, Inc. Employee Stock Ownership Plan'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 **entral Penn, Inc. Employee Stock Ownership Plan'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.

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. 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 audit 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 generally accepted auditing standards.

In forming our opinion on the supplemental schedule of assets (held at end of year), we evaluated whether the supplemental schedule of assets (held at end of year), including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedule of assets (held at end of year) is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Trout CPA

October 9, 2025

Lancaster, Pennsylvania

Central Penn, Inc. Employee Stock Ownership Plan

STATEMENTS of NET ASSETS AVAILABLE for BENEFITS

December 31, 2024 and 2023

	2024			2023		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ASSETS						
Investments:						
Investments in Sponsor Company						
Common Stock, at Estimated Fair Value	\$ 3,665,734	\$ 611,139	\$ 4,276,873	\$ 4,526,830	\$ 947,966	\$ 5,474,796
Cash - Interest Bearing	<u>14,846</u>	<u>-0-</u>	<u>14,846</u>	<u>18,036</u>	<u>-0-</u>	<u>18,036</u>
TOTAL ASSETS	<u>3,680,580</u>	<u>611,139</u>	<u>4,291,719</u>	<u>4,544,866</u>	<u>947,966</u>	<u>5,492,832</u>
LIABILITIES						
Interest Payable	-0-	10,898	10,898	-0-	13,008	13,008
Plan Benefits Payable	1,079	-0-	1,079	410	-0-	410
Loan Payable	<u>-0-</u>	<u>2,063,500</u>	<u>2,063,500</u>	<u>-0-</u>	<u>2,463,161</u>	<u>2,463,161</u>
TOTAL LIABILITIES	<u>1,079</u>	<u>2,074,398</u>	<u>2,075,477</u>	<u>410</u>	<u>2,476,169</u>	<u>2,476,579</u>
NET ASSETS (DEFICIT) AVAILABLE for BENEFITS	<u>\$ 3,679,501</u>	<u>\$ (1,463,259)</u>	<u>\$ 2,216,242</u>	<u>\$ 4,544,456</u>	<u>\$ (1,528,203)</u>	<u>\$ 3,016,253</u>

See notes to financial statements.

Central Penn, Inc. Employee Stock Ownership Plan

STATEMENTS of CHANGES in NET ASSETS AVAILABLE for BENEFITS

Years Ended December 31, 2024 and 2023

	2024			2023		
	Allocated	Unallocated	Total	Allocated	Unallocated	Total
ADDITIONS						
Investment Income (Loss):						
Interest Income	\$ -0-	\$ -0-	\$ -0-	\$ 30	\$ -0-	\$ 30
Net Estimated Depreciation in Estimated Fair Value of Investments	<u>(990,500)</u>	<u>(207,423)</u>	<u>(1,197,923)</u>	<u>(560,286)</u>	<u>(143,067)</u>	<u>(703,353)</u>
Total Investment Loss	(990,500)	(207,423)	(1,197,923)	(560,256)	(143,067)	(703,323)
Employer Contributions	734,331	477,498	1,211,829	-0-	477,498	477,498
Allocation of 1,004 Shares for 2024 and 2023 of Sponsor Company Common Stock, at Estimated Fair Value	<u>129,405</u>	<u>-0-</u>	<u>129,405</u>	<u>165,651</u>	<u>-0-</u>	<u>165,651</u>
Total Additions	(126,764)	270,075	143,311	(394,605)	334,431	(60,174)
DEDUCTIONS						
Interest Expense	-0-	75,726	75,726	-0-	88,032	88,032
Plan Benefits Paid	738,191	-0-	738,191	580,705	-0-	580,705
Administrative Expenses	-0-	-0-	-0-	397	-0-	397
Allocation of 1,004 Shares for 2024 and 2023 of Sponsor Company Common Stock, at Estimated Fair Value	<u>-0-</u>	<u>129,405</u>	<u>129,405</u>	<u>-0-</u>	<u>165,651</u>	<u>165,651</u>
Total Deductions	738,191	205,131	943,322	581,102	253,683	834,785
NET INCREASE (DECREASE)	(864,955)	64,944	(800,011)	(975,707)	80,748	(894,959)
NET ASSETS (DEFICIT) AVAILABLE for BENEFITS						
Beginning of Year	<u>4,544,456</u>	<u>(1,528,203)</u>	<u>3,016,253</u>	<u>5,520,163</u>	<u>(1,608,951)</u>	<u>3,911,212</u>
End of Year	<u>\$ 3,679,501</u>	<u>\$ (1,463,259)</u>	<u>\$ 2,216,242</u>	<u>\$ 4,544,456</u>	<u>\$ (1,528,203)</u>	<u>\$ 3,016,253</u>

See notes to financial statements.

Central Penn, Inc. Employee Stock Ownership Plan

NOTES to FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION of PLAN

The following description of the **Central Penn, Inc. Employee Stock Ownership Plan** (the Plan) is provided for general information purposes only. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General

Central Penn, Inc. (the Company or Plan Sponsor) established the **Central Penn, Inc. Employee Stock Ownership Plan** effective as of September 1, 1984. Central Penn, Inc., doing business as Central Penn College, operates a for-profit college in central Pennsylvania. Up until November 9, 2012, the Plan owned 24,000 shares of company stock, which equated to a fifty percent ownership of the Plan Sponsor and was not leveraged. On November 9, 2012, the ESOP purchased the remaining outstanding company stock as further detailed in Note 8. As of November 9, 2012, the Plan 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 1986, as amended (IRC) and is subject to the applicable provisions of ERISA.

The Plan is administered by two trustees who are comprised of the college's President of the Faculty Senate and an employee of the college. The trustees are assisted in the administration of the Plan by a third party administrator.

In 2012, the Plan purchased additional Plan Sponsor common stock using cash reserves and the proceeds of a note payable issued by the Plan Sponsor (Note 8). The Plan holds the common stock in a trust established under the Plan. As the Plan makes debt payments, an appropriate percentage of stock is allocated to eligible employees' accounts in accordance with applicable regulations under the IRC. The borrowing is collateralized by the unallocated shares of common stock. The lender has no rights against shares of common stock once they are allocated to participants in accordance with the terms of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2024 and 2023, and for the years then ended, present separately the assets and liabilities and changes therein pertaining to:

the accounts of employees with vested rights in allocated common stock (allocated), and
common stock not yet allocated to employees (unallocated).

Eligibility

Employees of the Company are generally eligible to participate in the Plan after one year of service providing they worked at least 1,000 hours during such Plan year. Participants who do not have at least 1,000 hours of service during such Plan year or are not employed on the last day of a Plan year are generally not eligible for an allocation of Company contributions for such year.

Employer Contributions

The Company is obligated to make contributions in cash to the Plan which, when aggregated with the Plan's interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. The Company may elect to contribute additional amounts at the discretion of its Board of Directors.

Central Penn, Inc. Employee Stock Ownership Plan

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - DESCRIPTION of PLAN (Continued)

Payment of Benefits

Upon retirement, disability, or death, the participant's account may be paid as soon as administratively possible. If employment terminates before retirement, disability, or death, the Plan will generally distribute the participant's account as soon as administratively possible after the end of the fifth Plan year following the year in which his severance of employment occurs. Distributions can be taken as a lump sum payment or, for balances greater than \$7,000, as installment payments. Additional provisions related to installment payments are further outlined in the Plan Document. The installment method is required for account balances greater than \$750,000. If the participant's vested account exceeds \$20,000 and the participant terminates (or terminated) employment prior to normal retirement (age 65), no distribution will be made until the end of the fifth Plan year following the year in which the participant terminates employment and will only be paid in five annual installments.

The amount to be distributed is based upon the account valuation date immediately preceding the distribution. Distributions are made in stock or cash. The Plan Sponsor is required to create a means for former employees to receive such a cash distribution. To date, the Plan Sponsor has met this requirement through employer contributions to the Plan made in the form of cash payments. Stock distributions that would be subject to an immediate and mandatory put option back to the Company are also permitted so that the participant still receives the distribution in cash.

Voting Rights

For certain transactions, as outlined in the Plan Document, 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 trustees are required to vote on any allocated share for which instructions have not been given by a participant and any unallocated shares on behalf of the collective best interest of Plan participants and beneficiaries. All other transactions are voted on by the trustees.

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, the trustees shall pay all liabilities and expenses of the trust fund and sell shares of financed common stock held in the loan suspense account to the extent it determines such sale to be necessary in order to repay the loan.

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 trustees from the unallocated account and forfeitures of terminated participants' nonvested 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 participant's eligible compensation, relative to total eligible compensation. Eligible employees will also receive an allocation of additional cash employer contributions and allocations of shares that came available from distributions. Plan earnings are allocated to each participant's account based on the ratio of the participant's account balance.

The timing and method of allocating transactions to participant accounts may differ from the financial statement presentation. For example, employer contributions used for debt service payments will be reflected as contributions in participant accounts, but are presented as unallocated in the financial statements.

Central Penn, Inc. Employee Stock Ownership Plan

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 1 - DESCRIPTION of PLAN (Continued)

Vesting

If a participant's employment with the Company ends for any reason other than retirement, permanent disability, or death, he or she will vest in the balances in his or her account based on total years of service with the Company. Participants vest 20 percent per year of service commencing with the second year of service and are 100 percent vested after 6 years of service.

Administrative Expenses

As provided in the Plan Agreement, administrative expenses may be paid either by the Plan or by the Company. The Company has historically paid most of the operating expenses for the Plan.

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 ten years 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 percent of the number of post-1986 shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent. Participants who elect to diversify receive a cash distribution. Qualified participants who elect to diversify may also elect to rollover the fair market value cash equivalent to their Central Penn 401(k) Retirement Savings Plan to be subject to the participant's investment direction.

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 nonvested account balances allocated to remaining participants during the years ended December 31, 2024 and 2023, were \$13,061 and \$23,832 respectively. There were no remaining unallocated forfeitures at December 31, 2024 and 2023.

NOTE 2 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). Current US GAAP standards are contained in the Accounting Standards Codification (ASC) as set forth by the Financial Accounting Standards Board (FASB).

Use of Estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. Significant estimates used in the preparation of these financial statements relate to the valuation of investments and changes therein. See Note 6 for discussion of fair value measurement.

Allocations

The financial statements of the Plan present separately the assets and liabilities and changes therein pertaining to (a) the accounts of employees with rights in allocated stock ("allocated") and (b) 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.

Central Penn, Inc. Employee Stock Ownership Plan

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 2 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation and Income Recognition

The shares of Company common stock are valued at fair value. See Note 6 for discussion of fair value measurements.

Interest income is recorded on the accrual basis.

Purchases and sales of securities are recorded on a trade-date basis. Realized gains and losses from security transactions are reported on the average cost method. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

NOTE 3 - TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service dated April 23, 2014, stating that the Plan is qualified under the IRC and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. 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 IRC. Therefore, they believe that the Plan was qualified, and the related trust was tax-exempt as of the financial statement date.

US GAAP requires Plan Management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain tax position that more likely than not would not be sustained upon examination by the taxing authorities. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2024 and 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 4 - ADMINISTRATION of PLAN ASSETS

The Plan's assets, which consist principally of Central Penn, Inc. common shares, are held by the trustees of the Plan. Cash balances are deposited with local banks in the name of the Plan.

Company contributions are held and managed by the trustees, which invest cash received and interest income and make distributions to participants. The trustees also administer the payment of interest and principal on the loan. The trustees receive assistance from a third-party administrator.

Certain administrative functions are performed by officers or employees of the Plan Sponsor. No such officer or employee receives compensation from the Plan. The majority of the administrative expenses of the Plan are paid directly by the Plan Sponsor.

Central Penn, Inc. Employee Stock Ownership Plan

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 5 - NONPARTICIPANT-DIRECTED INVESTMENTS

The Plan's investments, at December 31, are presented in the following tables. These investments are not participant directed.

	December 31,			
	2024		2023	
	Allocated	Unallocated	Allocated	Unallocated
Central Penn, Inc. Common Stock				
Number of Shares	28,449	4,744	27,445	5,748
Cost	5,392,816	1,778,634	5,016,199	2,155,251
Fair Value	3,665,734	611,139	4,526,830	947,966
Interest Bearing Cash				
Commercial Savings Account Balances	14,846	-0-	18,036	-0-

NOTE 6 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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 inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurement*, are described as follows:

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 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Central Penn, Inc. Employee Stock Ownership Plan

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 6 - FAIR VALUE MEASUREMENTS (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value. As of December 31, 2024 and 2023, the valuation was 100% calculated utilizing the Asset Approach - Adjusted Net Asset Value Method.

Sponsor Company Common Stock

The fair value of the Sponsor Company common stock held by the Plan is valued at estimated fair value based upon an independent appraisal. This appraisal was based upon the Asset Approach - Adjusted Net Asset Value Method.

The resulting unadjusted value was decreased for a marketability discount as of December 31, 2024 and 2023. The non-marketable controlling value per share was calculated by dividing the non-marketable controlling value of the Plan Sponsor's common equity by the number of common shares outstanding. Significant unobservable inputs relate primarily to the real estate appraisals.

Significant inputs to the valuation included (1) Plan Sponsor internal documents such as budgets and management reports, (2) audited financial statements of the Plan Sponsor, (3) information derived from inquiries, (4) research related to financial performance of other colleges, industry statistics, and forecasts as well as relevant economic data, and (5) the results of a real estate appraisal.

The preceding methods described may produce a fair value calculation 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 determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2024 and 2023:

	Assets at Fair Value as of December 31,			
	2024		2023	
	Level 3	Total	Level 3	Total
Investment in Central Penn, Inc. Common Stock	4,276,873	4,276,873	5,474,796	5,474,796

The Plan reports its interest-bearing cash amounts according to the cash value as reported by the financial institutions and does not apply any further fair value considerations. Therefore, interest bearing cash balances are not presented in this note.

Level 3 Transactions

During the Plan years ended December 31, 2024 and 2023, the Plan distributed -0- and 3,098 shares, respectively, which amounted to \$-0- and \$576,783, respectively. There were no transfers into or out of Level 3 during the years ended December 31, 2024 and 2023.

Central Penn, Inc. Employee Stock Ownership Plan

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 7 - RELATED PARTY and PARTY-in-INTEREST TRANSACTIONS

The Plan invests in Company common stock and has indebtedness to the Company (Note 8). These are allowable related party and party-in-interest transactions. The Plan also has a number of service providers which are considered parties-in-interest under ERISA.

On November 9, 2012, after due process including the Plan administrator, the Company's Board of Directors, its former President, and an independent third-party trustee, the Plan purchased 24,000 shares of Central Penn, Inc. common stock from the former President and his immediate family. The transaction was funded with \$2,000,000 cash reserves of the Plan and a \$7,000,000 note payable from the Plan Sponsor. The per share purchase price of \$375 was determined by an independent appraiser.

NOTE 8 - LOAN PAYABLE

On November 9, 2012, the Plan entered into a \$7,000,000 note payable with the Plan Sponsor. The proceeds of the loan were used to purchase Company common stock. This transaction did not include any third-party borrowings. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments divided by the total of this year's payments, plus all future years' principal and interest payments. 1,004 shares were allocated at the December 31, 2023 fair value upon payment of the scheduled payment. 1,004 shares were allocated in 2024 at the December 31, 2024 fair value upon payment of the scheduled payment.

The agreement provides for the loan to be repaid over 20 years. The outstanding principal on the note payable as of December 31, 2024 and 2023, was \$2,063,500 and \$2,463,161, respectively. The loan bears interest at a fixed rate of 3.16%. The note can be prepaid without penalty. The scheduled amortization of the loan for the next 5 years is as follows:

	Interest	Principal	Total
2025	65,207	412,291	477,498
2026	52,178	425,319	477,497
2027	38,738	438,760	477,498
2028	24,873	452,624	477,497
2029	<u>10,570</u>	<u>334,506</u>	<u>345,076</u>
	191,566	2,063,500	2,255,066

NOTE 9 - RISKS and UNCERTAINTIES

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

Central Penn, Inc. Employee Stock Ownership Plan

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 10 - CONCENTRATION of CREDIT RISK

Financial instruments that potentially subject the Plan to concentration of credit risk consist of cash deposits. The Plan maintains its cash deposits with financial institutions that it considers to be of high credit quality. Deposits may at times exceed FDIC insured limits.

NOTE 11 - RECONCILIATION of FINANCIAL STATEMENTS to FORM 5500

The following is a reconciliation of the net assets available for benefits per the financial statements at December 31, 2024 and 2023, to Form 5500.

	2024	2023
Net Assets Available for Benefits per the Financial Statements	2,216,242	3,016,253
Interest Expense Accrual Recorded on the Financial Statements but Not on Form 5500	<u>10,898</u>	<u>13,008</u>
Net Assets Available for Benefits per the Form 5500	2,227,140	3,029,261

The following is a reconciliation of the net decrease per the financial statements for the year ended December 31, 2024, to Form 500's net loss.

Net Decrease per the Financial Statements	800,011
Effect of Interest Expense Accruals Recorded on the Financial Statements but Not on Form 5500	<u>2,110</u>
Net Loss per the Form 5500	802,121

NOTE 12 - GOING CONCERN UNCERTAINTIES

The Plan's financial statements have been prepared on a going concern basis, which assumes that the Plan will be able to meet its obligations as they become due within one year after the date that the financial statements are available to be issued. The primary obligations of the Plan relate to the loan payable described in Note 8 and payment of benefits to Plan participants. As described in Note 1, the Plan relies on the Company to provide the cash needed to fund the benefit payments. Employer contributions are made to provide resources for the annual loan payment. Accordingly, the liquidity of the Plan is tied to the financial performance and liquidity of the Company.

The December 31, 2024, financial statements of the Company indicated the Company incurred a net loss of \$1,900,222 and a decrease in cash and cash equivalents of \$137,010 during the year ended December 31, 2024. The Company has sustained year over year enrollment declines (approximately 6% for 2024 compared to 2023), which are the primary cause of the net loss and negative cash flows.

To address the going concern uncertainty above, management of the Plan Sponsor has established or plans to implement the following in order to improve profitability and cash flows:

Continue to increase enrollment and improve retention through initiatives related to high school recruitment, new and refined programming, and other academic and student service offerings with planned impact starting primarily with the fall 2025 term. Implement tuition and fee increases.

Central Penn, Inc. Employee Stock Ownership Plan

NOTES to FINANCIAL STATEMENTS

(Continued)

NOTE 12 - GOING CONCERN UNCERTAINTIES (Continued)

Continue to monitor academic programs for profitability and pause programs that lack profitability until there is renewed interest. The Company currently paused seven academic programs.

Continue to increase non-tuition revenue through corporate education programs, facility rentals, and grant seeking.

Manage operating expenses through active budget management and deferred campus maintenance.

Sell and/or lease underutilized real estate with the preferred option to sell undeveloped land.

Subsequent Events

- In May 2025, the Company entered into a land sale agreement for \$2,650,000 to sell land not currently used in operations, which is contingent on buyer due-diligence and successful rezoning.
- The Company entered into an additional letter of intent for the sale of a parking lot for approximately \$191,000.

The Plan's management acknowledges that uncertainty remains over the ability of the Company to return to profitability and positive cash flow. However, as described above, management has a reasonable expectation that the Company has adequate resources to continue in operational existence for a reasonable period of time and meet the cash needs of the Plan through employer contributions or cash to satisfy the payments or put options of participants for benefit payments. If for any reason the Company is unable to continue as a going concern, it would have an impact on the Plan's ability to realize assets at their recognized values and to extinguish liabilities in the normal course of business at the amounts stated in the accompanying financial statements.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 9, 2025, which represents the date the financial statements were available to be issued.

Central Penn, Inc. Employee Stock Ownership Plan

EIN 23-1857027 Plan No. 001

Schedule H - Line 4i - SCHEDULE of ASSETS (HELD at END of YEAR)

December 31, 2024

*	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
(a)	(b)						
Sponsor Company Common Stock:							
*	Central Penn, Inc.		33,193 Shares of Common Stock, Voting		\$ 7,171,450		\$ 4,276,873
*	Party-in-Interest as Defined by ERISA						

ee independent auditors' report.

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

Plan Name: Central Penn. Inc. Employee Stock Ownership Plan (ESOP)
Employer I.D. #: 23-1857027
Plan Number: 001

(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
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Schedule of Assets (Held At End of Year) is contained in the attached audit report.