Financial Statements

Pennsylvania Compensation

Rating Bureau

December 31, 2024 and 2023

INDEX

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Audit Subcommittee and Governing Board
Pennsylvania Compensation Rating Bureau
Philadelphia, Pennsylvania

Opinion

We have audited the accompanying financial statements of Pennsylvania Compensation Rating Bureau ("PCRB") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities without donor restrictions, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 2024 financial statements referred to above present fairly, in all material respects, the financial position of PCRB as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 PCRB and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements as of December 31, 2023, were audited by Rainer & Company, P.C., who merged with PKF O'Connor Davies, LLP as of June 1, 2025, and whose report dated October 1, 2024, expressed an unmodified opinion on those statements.

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 PCRB's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PCRB'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 PCRB'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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Newtown Square, PA
October 3, 2025

PENNSYLVANIA COMPENSATION RATING BUREAU
Statements of Financial Position
December 31, 2024 and 2023

ASSETS	2024	2023
Current:		
Cash and Cash Equivalents	$ 1,813,153	$ 1,472,806
Accounts Receivable, Net of Allowance for Expected Credit Losses of $58,238 and $21,843, as of December 31, 2024 and 2023, Respectively	594,230	678,550
Prepaid Expenses	544,753	525,162
Prepaid Pension Asset	3,707,185	0
TOTAL CURRENT ASSETS	6,659,321	2,676,518
Other:		
Investments	2,440,029	2,451,739
Investment in CDX, LLC	40,027	40,027
Due from DCRB	4,408	48,186
Equipment, Leasehold Improvements, and Software, Net	6,375,992	6,327,615
Operating Lease Right of Use Assets, Net	6,826,751	7,258,150
TOTAL OTHER ASSETS	15,687,207	16,125,717
TOTAL ASSETS	$ 22,346,528	$ 18,802,235

LIABILITIES AND NET ASSETS	2024	2023
Current:		
Accounts Payable	$ 292,958	$ 193,452
Accrued Expenses	1,235,520	1,032,053
Operating Lease Liabilities, Current Portion	435,346	263,482
Finance Lease Liabilities, Current Portion	25,526	23,557
Assessments Refundable to Members	225,405	156,129
Accrued Pension Liability	0	1,116,886
TOTAL CURRENT LIABILITIES	2,214,755	2,785,559
Long-Term Liabilities:		
Deferred Compensation Payable	49,507	48,682
Operating Lease Liabilities, Net of Current Portion	7,568,633	8,003,984
Finance Lease Liabilities, Net of Current Portion	74,538	96,610
TOTAL LONG-TERM LIABILITIES	7,692,678	8,149,276
TOTAL LIABILITIES	9,907,433	10,934,835
Net Assets Without Donor Restrictions:		
Board Designated Technology Fund	4,050,172	3,913,429
Undesignated	8,388,923	3,953,971
TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	12,439,095	7,867,400
TOTAL LIABILITIES AND NET ASSETS	$ 22,346,528	$ 18,802,235

The accompanying notes are an integral part of these statements.

PENNSYLVANIA COMPENSATION RATING BUREAU

Statements of Activities Without Donor Restrictions

For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Undesignated	Board Designated Technology Fund	Total	Undesignated	Board Designated Technology Fund	Total
Revenues Without Donor Restrictions:						
Assessments	$ 12,656,219	$ 0	$ 12,656,219	$ 12,241,277	$ 0	$ 12,241,277
Assessments - Fines	1,225,341	0	1,225,341	809,690	0	809,690
Membership Fees	1,165,000	0	1,165,000	1,162,500	0	1,162,500
Printing and Special Services	74,501	0	74,501	75,060	0	75,060
Interest and Other	180,999	0	180,999	103,446	0	103,446
TOTAL REVENUES WITHOUT DONOR RESTRICTIONS	15,302,060	0	15,302,060	14,391,973	0	14,391,973
Expenses:						
Operating Expenses:						
Program Services	8,479,631	0	8,479,631	7,501,777		7,501,777
Supporting Services:						
Management and General	10,742,293	337,577	11,079,870	10,879,965	13,689	10,893,654
	19,221,924	337,577	19,559,501	18,381,742	13,689	18,395,431
Allocation of Expenses to DCRB	(3,795,366)	(209,699)	(4,005,065)	(3,353,240)	(151,945)	(3,505,185)
TOTAL EXPENSES	15,426,558	127,878	15,554,436	15,028,502	(138,256)	14,890,246
CHANGE IN NET ASSETS BEFORE NON-OPERATING INCOME (EXPENSES)	(124,498)	(127,878)	(252,376)	(636,529)	138,256	(498,273)
Non-Operating Income (Expenses):						
Interfund Transfer, Net	(264,621)	264,621	0	(153,647)	153,647	0
Minimum Pension Liability Adjustment	4,824,071	0	4,824,071	1,299,067	0	1,299,067
TOTAL NON-OPERATING INCOME (EXPENSES)	4,559,450	264,621	4,824,071	1,145,420	153,647	1,299,067
TOTAL CHANGE IN NET ASSETS	4,434,952	136,743	4,571,695	508,891	291,903	800,794
Net Assets Without Donor Restrictions - Beginning	3,953,971	3,913,429	7,867,400	3,445,080	3,621,526	7,066,606
NET ASSETS WITHOUT DONOR RESTRICTIONS - ENDING	$ 8,388,923	$ 4,050,172	$ 12,439,095	$ 3,953,971	$ 3,913,429	$ 7,867,400

The accompanying notes are an integral part of these statements.

PENNSYLVANIA COMPENSATION RATING BUREAU
Statements of Functional Expenses
For the Years Ended December 31, 2024 and 2023

	2024				2023			
	Program Services	Management and General	Allocation to DCRB	Total	Program Services	Management and General	Allocation to DCRB	Total
Salaries	$ 7,333,691	$ 3,628,692	$ (2,258,326)	$ 8,704,057	$ 6,473,987	$ 3,491,833	$ (1,944,332)	$ 8,021,488
Pension and Savings Plan	221,653	842,434	(201,005)	863,082	197,392	1,137,155	(259,704)	1,074,843
Payroll Taxes	526,517	264,743	(151,675)	639,585	468,050	256,248	(141,311)	582,987
TOTAL SALARIES AND RELATED EXPENSES	8,081,861	4,735,869	(2,611,006)	10,206,724	7,139,429	4,885,236	(2,345,347)	9,679,318
Group Insurance	0	1,936,916	(401,910)	1,535,006	0	1,643,105	(320,570)	1,322,535
Data Processing	0	1,697,673	(600,915)	1,096,758	0	1,856,686	(525,558)	1,331,128
Rent and Electric	0	767,091	(124,330)	642,761	0	739,473	(48,203)	691,270
Travel	202,770	99,736	(62,770)	239,736	167,348	91,624	(53,032)	205,940
Benchmarking Study Reference	195,000	0	(40,463)	154,537	195,000	0	(38,045)	156,955
Legal	0	55,086	(11,430)	43,656	0	123,803	(24,154)	99,649
Consulting	0	420,911	(32,264)	388,647	0	230,383	(44,948)	185,435
Depreciation	0	758,738	0	758,738	0	713,840	0	713,840
Document Processing, Postage and Telephone	0	35,367	(7,339)	28,028	0	27,889	(5,441)	22,448
Employee Overhead and Education	0	176,831	(36,693)	140,138	0	147,579	(28,793)	118,786
Insurance and Bonds	0	76,094	(15,789)	60,305	0	104,371	(20,363)	84,008
Accounting	0	85,778	(17,799)	67,979	0	73,781	(14,395)	59,386
Renovation Expenses	0	0	0	0	0	10,742		10,742
Office Expenses	0	141,345	(23,795)	117,550	0	74,819	(14,597)	60,222
Equipment and Furnishings	0	35,702	(15,505)	20,197	0	67,464	(16,598)	50,866
Supplies	0	14,730	(3,057)	11,673	0	26,352	(5,141)	21,211
Provision in Allowance for Credit Losses	0	42,003	0	42,003	0	76,507	0	76,507
TOTAL FUNCTIONAL EXPENSES	$ 8,479,631	$ 11,079,870	$ (4,005,065)	$ 15,554,436	$ 7,501,777	$ 10,893,654	$ (3,505,185)	$ 14,890,246

The accompanying notes are an integral part of these statements.

PENNSYLVANIA COMPENSATION RATING BUREAU
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in Net Assets	$ 4,571,695	$ 800,794
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by Operating Activities:		
Depreciation	758,738	713,840
Amortization of Tenant Incentive - Right of Use Asset	(27,177)	(28,067)
Increase in Deferred Rent from Operating Lease		
Right of Use Asset	195,089	531,215
Provision for Allowance for Credit Losses	42,003	76,507
Interest on Certificates of Deposit Added to Principal	(113,364)	(67,784)
Change in Value of Pension Plan Funded Status	(4,824,071)	(1,299,067)
Decrease (Increase) in:		
Accounts Receivable	42,317	(312,593)
Prepaid Expenses	(19,591)	(72,476)
Due from DCRB	43,778	661,431
Increase (Decrease) in:		
Accounts Payable	99,506	(23,489)
Accrued Expenses	203,467	50,132
Assessments Refundable to Members	69,276	(75,738)
Deferred Compensation Payable	825	(5,080)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,042,491	949,625
Cash Flows From Investing Activities:		
Purchase of Equipment, Leasehold Improvements, and Software	(807,115)	(562,822)
Purchases of Certificates of Deposit	(2,332,000)	(2,332,000)
Proceeds from Maturities of Certificates of Deposit	2,457,074	2,315,958
NET CASH USED BY INVESTING ACTIVITIES	(682,041)	(578,864)
Cash Flows From Financing Activities:		
Payments on Finance Lease Liabilities	(20,103)	(12,847)
NET INCREASE IN CASH AND CASH EQUIVALENTS	340,347	357,914
Cash and Cash Equivalents - Beginning	1,472,806	1,114,892
CASH AND CASH EQUIVALENTS - ENDING	$ 1,813,153	$ 1,472,806
Supplemental Disclosure Non-Cash Flow Investing Information:		
Finance Lease Obligation Incurred for Purchase of Equipment	$ 0	$ 133,014

The accompanying notes are an integral part of these statements.

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 1 - Nature of Business

Pennsylvania Compensation Rating Bureau ("PCRB") (a nonprofit corporation) provides services to insurers underwriting workers compensation coverage other than coal mines within Pennsylvania. PCRB also provides services and information to a broad variety of non-member constituencies including the Pennsylvania Insurance Department, the Pennsylvania Department of Labor & Industry, employers, insurance agents and brokers.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of PCRB have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly reflect all significant receivables, payables, and other liabilities.

Cash and Cash Equivalents - For the purposes of financial statements presentation, PCRB classifies all highly liquid investments maturing within three months or less of purchase date to be cash equivalents.

Accounts Receivable, Net - Beginning January 1, 2023, accounts receivable are stated at their estimated collectible amounts and comprise amounts billed and currently due from member carriers. The organization extends credit to members in the normal course of business. Collections from member carriers are continuously monitored and an allowance for credit losses is maintained based on historical experience adjusted for current conditions and reasonable forecasts taking into account geographical and industry-specific economic factors. The organization also considers any specific member carrier collection issues. Since the organization's accounts receivable are largely similar, the organization evaluates its allowance for credit losses as one portfolio segment. At origination, the organization evaluates credit risk based on a variety of credit quality factors including prior payment experience, customer financial information, credit ratings, probabilities of default, industry trends and other internal metrics.

On a continuing basis, data for each member carrier is regularly reviewed based on past-due status to evaluate the adequacy of the allowance for credit losses. The organization determines the allowance for credit losses by calculating a loss rate percentage based on a calculation of rolling historical write-offs during the year as a percentage of accounts receivable at the end of the prior year as well as applying a specific loss rate percentage based on past due status and selecting the rate that better represents the status. Loss rates, which are adjusted for current facts and circumstances, forecasting, and geographic trends, for the past five years range from 0.04% to 0.90% and loss rates by past due status are 0.5% for up to 30 days, 2.0% for up to 60 days, and 5.0% for 61 days and older. Actual write-offs are charged against the allowance. Accounts receivable, net as of January 1, 2023 or the beginning of the earliest period presented, was $461,039.

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Accounts Receivable, Net (Continued)

Changes in the valuation allowance for trade accounts receivable for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Beginning Balance	$ 21,843	$ 5,005
Adoption of ASU 2016-13, Topic 326	0	18,575
Write-offs	(5,608)	(78,244)
Provision for Allowance for Credit Losses	42,003	76,507
ENDING BALANCE	$ 58,238	$ 21,843

Investments - PCRB invests in certificates of deposit and guaranteed income funds. The certificates of deposit are carried at cost plus accrued interest. The guaranteed income funds are reported at fair value (see Note 5).

Investment in CDX, LLC - PCRB has an investment in Compensation Data Exchange, LLC ("CDX, LLC"), a Minnesota limited liability company. CDX, LLC is an internet-based service company that facilitates the electronic transmission of workers compensation data between member insurers and data collection organizations in participating states. The investment is valued using the cost method of accounting since PCRB only has a 5.6% membership interest. Cost was not impaired at December 31, 2024 or 2023.

Due from (to) DCRB - PCRB provides services to and shares management with Delaware Compensation Rating Bureau, Inc. ("DCRB") to carry out DCRB's principal functions. PCRB recognizes receivables from or payables to DCRB based on the costs of those services less amounts remitted.

Equipment and Leasehold Improvements - Equipment and leasehold improvements are recorded at cost. PCRB's policy is to capitalize equipment and leasehold improvements with a cost greater than $1,000.

Depreciation expense is computed on the straight-line method over the useful life of the assets and amortization expense of leasehold improvements is over the shorter of the lease term or useful life as follows:

Office Furniture and Equipment	5 - 7 Years
Computer Equipment and Internal Systems	5 - 10 Years
Other Equipment and Automobiles Under Finance Leases	5 Years
Leasehold Improvements	Lease Term

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets - U.S. GAAP guidance, *Accounting for the Impairment or Disposal of Long-lived Assets,* requires long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, impairment would then be measured as the difference between the fair value of the asset and its carrying value to determine the amount of the impairment. The organization generally determines fair value by using the undiscounted cash flow method. No impairment losses have been recorded to date.

Internal-Use Capitalized Software Development Costs - Costs paid to third parties for the development and modification of software for internal use are capitalized. PCRB amortizes these costs over ten years. All training and maintenance costs are expensed as incurred. PCRB capitalized $553,825 and $545,125 of vendor costs during 2024 and 2023, respectively, which are included in computer equipment and internal systems and software development costs (in process) (Note 4).

Assessments Due from (Refundable to) Members - Under the terms of PCRB's by-laws, the balance of net revenues assessed or expenditures paid by PCRB (after deducting membership fees, increases in net assets without donor restrictions, and all other income) is refundable to, or due from, members according to their respective proportion of applicable total net written insurance premiums for the calendar year during which revenues have been earned and expenditures have been paid. The amount reflected as assessments refundable to and from members in the accompanying statements of financial position reflects the adjustment of assessments based upon actual net premiums written and expenditures paid.

Board Designated Net Assets - Technology Fund - The Governing Board established and maintains the Technology Fund as a means of providing monies for the purpose of providing needed technological resources and meeting selected special expense needs while also mitigating fluctuations in member assessments. This fund is also used for unexpected information technology (IT) expenditures, which are approved by the Governing Board. In 2024 and 2023, the Board designated $1,010,597 and $778,807 to be transferred from operations to the Technology Fund. Other funds are transferred related to board-approved funding of the technology fund the acquisition of capital assets through the interfund transfer on the statements of financial position.

The Governing Board can approve an IT surcharge to the members and DCRB, which was not levied in 2024 or 2023 at the governing board's discretion. In addition, DCRB also makes contributions to the technology fund from time to time. Included in the board designated transfer above is DCRB's contribution to the technology fund. It is part of the amounts due from DCRB on the statements of financial position and was $209,699 and $151,945 for the years ended December 31, 2024 and 2023, respectively. See Note 10 for more detail.

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Leases - PCRB accounts for leases in accordance with Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") 842. PCRB is a lessee in several noncancelable operating leases for real estate, vehicles, and other small equipment. Certain vehicle leases have been classified as finance leases. Leases for real estate, vehicles, and equipment are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. The organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The organization determines if an arrangement conveys the right to use an identified asset and whether the organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The organization recognizes a lease liability and right of use asset at the commencement date of the lease. Operating lease right of use assets and the related current and long-term portions of operating lease liabilities have been presented on the statements of financial position.

Lease Liabilities - A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee.

The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the organization uses its incremental borrowing rate. The incremental borrowing rate is based on the information available at the later of the adoption date of FASB ASC 842 or the commencement date for each lease. The organization's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. The organization determines its incremental borrowing rates by starting with the interest rates on recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases. The organization has adopted Accounting Standards Update ("ASU") 2021-09 Leases (Topic 842): *Discount Rate for Lessees That are Not Public Business Entities*. ASU 2021-09 provides lessees with a practical expedient that permits the organization to make an accounting policy election to use a risk-free rate, instead of the incremental borrowing rate, as the discount rate for the lease. The election is made by each underlying class of assets.

Right of Use Assets - A right of use asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after the commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the right of use asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term. Finance lease right of use assets are included in equipment, leasehold improvements, and software on the accompanying statement of financial position and are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset.

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Accounting Policy Election for Short-Term Leases - The organization has elected for all underlying classes of assets, to not recognize right of use assets and lease liabilities for short-term leases that have a lease term of twelve months or less, but greater than one month at lease commencement, and do not include an option to purchase the underlying asset that the organization is reasonably certain to exercise. The organization recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Functional Allocation of Expenses - The costs of providing programs and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets without donor restrictions. Direct expenses are charged directly to the program and supporting service benefited. Allocated costs to DCRB include primarily salaries, pension and savings, and payroll taxes which are allocated to program and supporting services on the basis of time and effort.

Income Tax Status - PCRB is a nonprofit corporation that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. PCRB recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. No such interest or penalties were recognized during 2024 or 2023. PCRB's Forms 990, Return of Organization Exempt From Income Tax for the years ended 2021 through 2024 remain subject to examination by the Internal Revenue Service.

Revenue Recognition - The organization's primary sources of revenue are from quarterly assessments and membership fees. Revenue is recognized ratably over membership terms and as services are rendered to its members, for an amount that reflects the consideration the organization expects to be entitled to in exchange for the assessments and memberships.

Disaggregation of Revenue from Contracts with Customers

Revenue from performance obligations satisfied over time consist of assessments, membership fees and services provided to the organization's members. As a result, the organization is dependent on the strength of its membership and its ability to collect amounts owed on contracts.

Performance Obligations and Significant Judgements

Assessments: Quarterly provisional assessments of member companies for budgeted expenses of PCRB are the primary source of revenue. The assessments are levied pro rata upon members according to their respective proportions of the total Pennsylvania workers compensation premiums written in the prior year. Assessments made each year are adjusted at the end of the year according to actual PCRB expenses and insurer premium writings during the assessment year. Assessments are not recognized as revenues until revenue is earned, which is when services are provided, and the organization does not believe it is required to provide additional activities or services.

Membership Fees Revenue: PCRB assesses membership fees to its members on an annual basis. Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the organization expects to be entitled in exchange for providing membership to its members. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term, which begins annually on January 1. Membership fees are nonrefundable. Generally, the organization bills members annually with the first quarter assessment.

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Fines: PCRB assesses fines for lateness and quality deficiencies of data submissions from its members if late or not in compliance with reporting standards. Revenue from contracts with members for fines is reported at the amount that reflects the consideration to which the organization expects to be entitled in exchange for noncompliant submissions from its members. Revenue is recognized as performance obligations are satisfied, which is when the submission is originally due and deemed noncompliant.

The organization does not have any significant financing components as payment is received at or shortly after the beginning of membership periods (the year) or when services are provided.

Costs incurred to obtain a contract will be expensed as incurred when the amortization period is less than one year.

The organization recognizes a contract liability (deferred revenue) for quarterly assessments and membership fees received prior to completion of services or their terms, respectively. Upon completion of services or over the membership fee term, the contract liability is reversed, and revenue is recognized.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Measurement - *The Fair Value Measurements and Disclosures* topic of the FASB ASC provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three Levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities
Level 2: Significant other observable inputs
Level 3: Significant unobservable inputs

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

PCRB's Guaranteed Income Funds are considered Level 2 since they invests in a broad range of fixed-income investments within the insurance company's general account.

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

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 2 - Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk - PCRB maintains cash and cash equivalents at two financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation. In the normal course of business, the balances of these accounts may exceed federally insured limits. At December 31, 2024, PCRB had cash balances in excess of FDIC limits of $1,524,915.

Reclassifications - Certain prior year amounts have been reclassified for consistency with the current year presentation. Such reclassifications had no effect on previously reported change in net assets or net assets without donor restrictions.

Operating Measure - The statements of activities separately report changes in net assets from operating and nonoperating activities. Operating activities consist principally of revenues and expenses related to ongoing activities. Non-operating activities consist of the interfund transfer between undesignated and board designated net assets and the minimum pension liability adjustment based primarily on actuarial values.

Subsequent Events - Subsequent events have been evaluated through October 3, 2025, the date that the financial statements were available to be issued.

NOTE 3 - Liquidity and Availability

Financial assets available for general expenditure, that is without external donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2024	2023
Financial Assets at Year End:		
Cash and Cash Equivalents	$ 1,813,153	$ 1,472,806
Accounts Receivable, Net	594,230	678,550
Investments	2,440,029	2,451,739
Due from DCRB	4,408	48,186
TOTAL FINANCIAL ASSETS AS YEAR END	4,851,820	4,651,281
Less Amounts Not Available to be Used Within One Year:		
Board Designated Technology Funds, Net of Amounts Designated for Technology Capital Expenditures	4,050,172	3,913,429
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$ 801,648	$ 737,852

As part of the PCRB's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. Although PCRB does not intend to spend from its board designated funds, amounts from these funds could be made available if necessary.

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 4 - Equipment, Leasehold Improvements, and Software, Net

A summary of equipment, leasehold improvements, and software, net is as follows:

	2024	2023
Office Furniture and Equipment	$ 194,905	$ 155,885
Automobiles Under Finance Leases	133,014	133,014
Computer Equipment and Internal Systems	6,604,109	6,389,839
Leasehold Improvements	878,635	878,635
Software Development Costs (In Progress)	1,041,440	487,615
TOTAL	8,852,103	8,044,988
Less: Accumulated Depreciation and Amortization	2,476,111	1,717,373
EQUIPMENT, LEASEHOLD IMPROVEMENTS, AND SOFTWARE, NET	$ 6,375,992	$ 6,327,615

Depreciation expense for the years ended December 31, 2024 and 2023 was $758,738 and $713,840, respectively. Depreciation expense for the years ended December 31, 2024 and 2023 by category is as follows:

	2024	2023
Office Furniture and Equipment	$ 14,692	$ 21,429
Automobiles Under Finance Leases	26,603	16,834
Computer Equipment and Internal Systems	656,565	615,579
Leasehold Improvements	60,878	59,998
TOTAL	$ 758,738	$ 713,840

NOTE 5 - Fair Value Measurement

The following tables discloses PCRB's investments at fair value as of December 31, 2024 and 2023:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Unobservable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2024				
Certificates of Deposit	$ 2,377,409	$ 0	$ 2,377,409	$ 0
Guaranteed Income Funds	62,620	0	62,620	0
TOTAL	$ 2,440,029	$ 0	$ 2,440,029	$ 0

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 5 - Fair Value Measurement (Continued)

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Unobservable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2023				
Certificates of Deposit	$ 2,381,245	$ 0	$ 2,381,245	$ 0
Guaranteed Income Funds	70,494	0	70,494	0
TOTAL	$ 2,451,739	$ 0	$ 2,451,739	$ 0

NOTE 6 - Deferred Compensation

PCRB has established a supplemental pension plan whereby PCRB will compensate one former employee for specified benefits lost as a result of limitations previously imposed on the Pension Plan by the Internal Revenue Code. At December 31, 2024 and 2023, PCRB maintained guaranteed income funds in the amount of $62,620 and $70,494, respectively, with an insurance company, which were designated to fund compensation to be paid under this plan.

Deferred compensation payable on the statements of financial position includes $49,507 and $48,682 at December 31, 2024 and 2023, respectively, which represents the actuarial valuation of the benefits expected to be paid from this plan for employees currently eligible for payments.

NOTE 7 - Employee Benefit Plans

PCRB participates with DCRB in a noncontributory defined benefit plan covering all employees who are at least 21 years of age and have at least one year of service. Pension benefits are primarily based upon the earnings of the participant over the previous five-year period and participants are fully vested after five years. As of December 31, 2013, employees hired or rehired after December 31, 2013, are not eligible to participate in the Plan. Benefits will continue to accumulate for all employees who were participants as of December 31, 2013.

PCRB’s primary investment objective is to maximize investment returns, maintain liquidity, and limit the risk of investment loss through the use of a small number of investment vehicles that do not require frequent management on the part of PCRB or PCRB’s investment advisors. The asset allocation is reviewed quarterly to determine whether the portfolio mix is within an acceptable range of the target allocation. The target asset allocation for the portfolio is 60% equity and 40% fixed income securities with the objective of enhancing the expected return of the retirement portfolio while maintaining acceptable levels of risk.

NOTE 7 - Employee Benefit Plans (Continued)

The following table summarizes investments measured at fair value based on NAV per share as of December 31, 2024 and 2023:

December 31, 2024	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Separate Accounts	$ 37,141,760	N/A	Daily	Daily
Guaranteed Deposit Account	3,683,398	N/A	Daily	Daily

December 31, 2023	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled Separate Accounts	$ 33,580,291	N/A	Daily	Daily
Guaranteed Deposit Account	4,358,562	N/A	Daily	Daily

Pooled Separate Accounts and Guaranteed Deposit Account: Valued at the net asset value (NAV) of units of the separate account. The NAV, as provided by the insurance company, is used as a practical expedient to estimating fair value. The NAV is based on the fair value of the underlying investments held by the account less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

The Stable Value Fund primarily invests in a broadly diversified, fixed income portfolio, which includes public bonds, commercial mortgages and private placement bonds. The objective of the fund is to preserve principle and accumulated interest and provide liquidity of investment.

Participant transactions (purchases and sales) may occur daily. Were the plan to initiate a full redemption of the separate account, the investment advisor reserves the right to temporarily delay withdrawal from the account in order to ensure that securities liquidations will be carried out in an orderly business manner.

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 7 - Employee Benefit Plans (Continued)

The Projected Benefit Obligation (the actuarial present value of benefits attributed by the pension benefit formula to employee services rendered before a specified date based on employee services rendered before that date and using assumptions as to future compensation levels), plan assets, and funded status of PCRB's pension plan at December 31:

	2024	2023
Change in Projected Benefit Obligation:		
Projected Benefit Obligation at End of Prior Year	$ 39,055,739	$ 36,356,696
Service Cost	537,341	502,133
Interest Cost	1,911,578	1,862,182
Actuarial (Gain) Loss	(2,122,096)	2,304,656
Benefits Paid	(2,264,589)	(1,969,928)
Projected Benefit Obligation at End of Year	$ 37,117,973	$ 39,055,739
Change in Plan Assets:		
Fair Value of Plan Assets at Beginning of Year	$ 37,938,853	$ 33,940,743
Actual Return on Plan Assets	4,542,894	(5,078,038)
Employer Contributions	608,000	890,000
Benefits Paid	(2,264,589)	(1,969,928)
Fair Value of Plan Assets at End of Year	$ 40,825,158	$ 37,938,853
Funded Status at End of Year	$ 3,707,185	$ (1,116,886)
Prepaid Pension Asset Recognized at End of Year	$ 3,707,185	$ 0
Pension Liability Recognized at End of Year	$ 0	$ (1,116,886)
Net Accrued Pension Asset Recognized at End of Year	$ 3,707,185	$ 0
Net Accrued Pension Liability Recognized at End of Year	$ 0	$ (1,116,886)

The Accumulated Benefit Obligation (the actuarial present value of benefits attributed by the pension benefit formula to employee services rendered before a specified date based on employee service and compensation up to that date) was $34,270,436 and $36,008,191 at December 31, 2024 and 2023, respectively.

The benefits expected to be paid in each of the next five years and thereafter through year ten are approximately as follows:

2025	$ 1,996,949
2026	2,077,430
2027	2,157,082
2028	2,221,355
2029	2,254,173
Thereafter	12,526,629
	$ 23,223,618

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 7 - Employee Benefit Plans (Continued)

	2024	2023
Weighted Average Assumptions used to Develop the Net Pension Cost are as Follows:		
Discount Rate	5.00%	5.25%
Rate of Compensation Increase	4.00%	3.50%
Expected Long-Term Rate of Return on Assets	6.50%	6.25%

The expected rate of return on pension plan assets is determined by those assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

	2024	2023
Weighted Average Assumptions used to Determine Benefit Obligations are as follows:		
Discount Rate	5.50%	5.00%
Rate of Compensation Increase	4.00%	4.00%
Expected Return on Assets	6.50%	6.50%

	2024	2023
Asset Allocations are as Follows:		
Equity Securities	59.00%	56.00%
Debt Securities	36.00%	39.00%
Real Estate	5.00%	5.00%
	100.00%	100.00%

	2024	2023
Net Periodic Benefit Cost Included the Following Components:		
Service Cost of the Current Period	$ 537,341	$ 502,133
Interest Cost on Projected Benefit Obligation	1,911,578	1,862,182
Expected Return on Plan Assets	(2,429,277)	(2,087,754)
Net Amortization / Deferral	(148,274)	(99,116)
Net Periodic Benefit Cost	$ (128,632)	$ 177,445

Management expects to fund minimum annual contributions through operations and is working with the plan provider and consultants to evaluate future funding options. The expected contribution to the pension plan for 2025 is $700,000.

The following cumulative amounts included in net assets without donor restrictions had not yet been recognized as components of pension expense as of December 31 as these amounts represent accumulated other comprehensive income (loss) to the pension plan:

	2024	2023
Net Gain (Loss)	$ (992,215)	$ 3,243,498
Net Prior Service Credit	(10,388)	(158,662)
	$ (1,002,603)	$ 3,084,836

NOTE 7 - Employee Benefit Plans (Continued)

PCRB also participates with DCRB in a contributory defined contribution 401(k) benefit plan for eligible employees. To become eligible, an employee must be at least 21 years of age and have completed one month of service. Participating employee contributions are limited to a minimum of 1% and a maximum of 15% of annual compensation. PCRB provides matching contributions equal to 75% of the employee contributions, up to the first 5% of the employee's compensation. Thus, the maximum PCRB matching contribution is 3.75% of an employee's annual compensation. Matching contributions for 2024 and 2023 were $328,230 and $298,283, respectively.

NOTE 8 - Leases

The organization has entered into a lease, as amended and extended, for office space with monthly rent ranging from $48,069 to $69,414 in the form of fixed increases that expires March 2038. The lease contains two cancelation options in 2031 and 2034 and has one five-year renewal option. Because the organization is not reasonably certain to exercise the renewal option, the optional periods are not included in determining the lease term, and associated payments under the renewal option are excluded from lease payments used to determine lease liabilities. The organization classifies the lease as an operating lease. The office space operating lease right of use asset was $6,713,198 and $7,101,792 net of deferred rent liability of $818,701 and $623,612 and unamortized tenant allowance incentive of $358,527 and $385,704 as of December 31, 2024 and 2023, respectively. The associated current portion of operating lease liability was $403,109 and $220,682, and an associated long-term operating lease liability of $7,487,317 and $7,890,426 as of December 31, 2024 and 2023, respectively. The total lease costs associated with the lease were $650,902 and $660,606 for the years ended December 31, 2024 and 2023, respectively.

The organization leases vehicles for several employees, expiring through September 2028. The terms and residual values are jointly determined by lessor and lessee for each vehicle on an individual basis. Certain leases have been classified as operating leases and others as finance leases. As of December 31, 2024, the vehicle operating lease right of use assets totaled $1,279 and $15,549 as of December 31, 2024 and 2023, respectively, with associated current portions of operating lease liabilities of $1,279 and $14,265 and associated long-term operating lease liabilities of $0 and $1,284 as of December 31, 2024 and 2023, respectively. The total operating lease cost associated with the vehicle leases for the years ended December 31, 2024 and 2023 was $17,667 and $36,457, respectively, which includes short-term lease costs of $3,115 and $18,104, respectively. The total finance lease cost associated with vehicle leases for the years ended December 31, 2024 and 2023 was $35,463 and $22,846, respectively.

The organization leases office equipment, expiring through May 2028. These leases have been classified as operating leases. As of December 31, 2024 and 2023, the office equipment operating lease right of use assets totaled $112,274 and $140,809, respectively, with associated current portions of operating lease liabilities of $30,958 and $28,535, respectively and associated long-term operating lease liabilities of $81,316 and $112,274 respectively. The total lease cost associated with the office equipment leases was $40,799 and $57,528 for the years ended December 31, 2024 and 2023, respectively.

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 8 - Leases (Continued)

Payments due under lease contracts include fixed payments and variable payments. The real estate lease requires payments for non-lease components, which include the building's property taxes, insurance, utilities and maintenance. The payment of non-lease components is not included in lease payments used to determine lease liabilities and are expensed as incurred. Vehicle and office equipment leases require variable payments for use in excess of lease limits, which are not included in lease payments used to determine lease liabilities and are recognized as variable lease costs when incurred.

The components of lease cost and statements of functional expenses caption allocations for the years ended December 31, 2024 and 2023 are as follows:

	Statements of Functional Expenses Captions	2024	2023
Operating Lease Cost:			
	Rent and Electric	$650,902	$660,606
	Equipment and Furnishings	24,700	43,393
	Data Processing	16,099	14,135
	Travel	14,552	18,353
TOTAL OPERATING LEASE COST		706,253	736,487
Finance Lease Cost:			
Amortization of Right of Use Assets	Depreciation	26,603	16,834
Interest on Lease Liabilities	Travel	8,860	5,652
TOTAL FINANCE LEASE COST		35,463	22,486
Short-Term Lease Cost:			
	Travel	3,115	18,104
Variable Lease Cost:			
	Rent and Electric	116,189	78,867
TOTAL LEASE COST		$861,020	$855,944

The following represents supplemental statements of financial position classification information related to finance leases as of December 31, 2024 and 2023:

	2024	2023
Assets:		
Finance Lease Right of Use Assets Included in Equipment, Leasehold Improvements, and Software, Net (Classified as Equipment at Cost of $133,014, Less $43,437 and $16,834 of Accumulated Depreciation as of December 31, 2024 and 2023, respectively)	$89,577	$116,180

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 8 - Leases (Continued)

Weighted average information related to leases as of December 31, 2024 and 2023 is as follows:

	2024	2023
Weighted Average Remaining Lease Term (Years):		
Operating Leases	13.29 Years	14.26 Years
Finance Leases	3.44 Years	4.45 Years
Weighted Average Discount Rate:		
Operating Leases	3.31%	3.33%
Finance Leases	8.09%	8.09%

Supplemental cash flow information for the year ended December 31, 2024 and 2023:

	2024	2023
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows - Operating Leases	$ 538,341	$ 205,272
Operating Cash Flows - Finance Leases	$ 8,860	$ 5,652
Financing Cash Flows - Finance Leases	$ 20,103	$ 12,847
Right of Use Assets Obtained in Exchange for Lease Liabilities:		
Operating Leases	$ 0	$ 152,554
Finance Leases	$ 0	$ 133,014
Increases to Right of Use Asset Resulting From Free Rent Increase to Operating Lease Liability	$ 66,081	$ 195,057
Reductions to Right of Use Assets Resulting From Reductions to Lease Liabilities:		
Operating Leases	$ 329,568	$ 187,683
Finance Leases	$ 20,103	$ 12,847

Maturities of operating and finance lease liabilities as of December 31, 2024 were as follows:

	OPERATING LEASES	FINANCE LEASES
2025	$ 693,923	$ 32,417
2026	705,741	32,417
2027	719,117	32,417
2028	705,272	13,819
2029	707,497	0
Thereafter	6,401,873	0
TOTAL	9,933,423	111,070
Less: Present Value Adjustment	1,929,444	11,006
PRESENT VALUE OF LEASE LIABILITIES (CARRIED FORWARD)	$ 8,003,979	$ 100,064

PENNSYLVANIA COMPENSATION RATING BUREAU
Notes to Financial Statements
December 31, 2024 and 2023

NOTE 8 - Leases (Continued)

	OPERATING LEASES	FINANCE LEASES
PRESENT VALUE OF LEASE LIABILITIES (BROUGHT FORWARD)	$ 8,003,979	$ 100,064
Current Portion	$ 435,346	$ 25,526
Long-Term Portion	7,568,633	74,538
TOTAL	$ 8,003,979	$ 100,064

NOTE 9 - Self-Insurance

PCRB participates in a self-funded medical and prescription plan. The funding of the plan is done on a monthly basis. Additional assessments or claims could be made in subsequent periods based on actual claims incurred. Any additional premiums charged, or refunds received by PCRB in future periods will be recognized in the period assessed or known.

NOTE 10 - Related Party Services

DCRB is a separate nonprofit corporation performing activities for the State of Delaware similar to those performed by PCRB for the Commonwealth of Pennsylvania. DCRB reimburses PCRB for its share of the cost of services provided to members based on the proportion of staff effort directed to Pennsylvania and Delaware issues for the year. An allocation percentage is selected in advance of each calendar year based on management's estimate of staff efforts anticipated on an ongoing basis for the benefit of PCRB and DCRB respectively. That allocation was 20.75% and 19.51% of PCRB expenses for 2024 and 2023, respectively.

DCRB was not assessed any surcharges for PCRB's technology fund for the years ended December 31, 2024 and 2023. DCRB makes annual contributions to PCRB's technology fund once financial results are evaluated. DCRB's contribution to the technology fund was $209,699 and $151,945 for the years ended December 31, 2024 and 2023, respectively.

In addition, PCRB obtained internet-based services throughout 2024 and 2023 from CDX, LLC. During both years ended December 31, 2024 and 2023, PCRB paid CDX, LLC approximately $90,000 and $95,000 relating to those services for the years ended December 31, 2024 and 2023, respectively.

NOTE 11 - Concentrations

Amounts due from one member represented approximately 11% of accounts receivable at December 31, 2024.