

**California State Retirees
Board of Directors Meeting**

**Wednesday, June 28, 2023
9:00 a.m. – 3:00 p.m.**

**Embassy Suites
901 E. Calaveras Blvd,
Milpitas. CA. 95035**

**Board of Directors Meeting
Agenda**

1. **Call to order by President Stephanie Hueg at 9:00 a.m.**
2. **Salute to the Flag**
3. **Roll Call:**

Stephanie Hueg, President, Chapter 21

Elnora Hunter-Fretwell, Executive Vice President, Chapter 2

Mary McDonnell, Vice President, Chapter 03

Gerald “Jerry” Fountain, Chief Financial Officer, Chapter 11

Sharon Stoltzman, District A Director, Chapter 20

Susanne Paradis, District B Director, Chapter 31

Maria Aguilar, District C Director, Chapter 21

Vincent Herrera, District D Director, Chapter 14

Keith Umemoto, District E Director, Chapter 15

Tim Behrens, District F Director, Chapter 35

Patsy Jimenez, District G Director, Chapter 6

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4. **Introductions and Agenda Changes**
 5. **Approval of February 1, 2023 Board Meeting Minutes**
 6. **President’s Report of Activities**
 7. **Board Member Activity Reports**
 8. **Chief Financial Officer Report - Jerry Fountain**
 9. **Committee Reports**
 - a. Finance Committee—Geanie Hixon
 - b. Membership Committee- Diane Padilla
 - c. Health Benefits Committee—Larry Woodson
 10. **Legislative Report – Ted Toppin, Blanning & Baker**
 11. **CalPERS Presenter:**

Jose Luis Pacheco, CalPERS Board of Administration (*11:15 a.m. time certain*)
 12. **Headquarters Report**
 13. **Adoption of Annual Audit Report**
 14. **Upcoming Meetings:**
 - October 30th – November 1st , 2023 **BOD Statewide Meeting** (Sacramento)
 15. **Adjourn**

This meeting will be recorded.

California State Retirees Board of Directors Meeting Minutes

February 1, 2023

1. **Call to order**

The meeting was called to order at 9:00 a.m. by President Stephanie Hueg.

2. **Salute to the Flag**

The pledge of allegiance to the flag was recited.

3. **Rules of Engagement**

Be considerate of others.

Use a respectful tone.

No interruptions.

Virtual Meetings remain on mute.

Raise your hand if you have a question. A list will be kept.

Speak once recognized by the chair.

Turn off all cell phones.

The chair is in charge of enforcing meeting rules and professionalism.

Instead of raising your hand, line up at the mic.

4. **Roll Call**

Stephanie Hueg, CSR President

Elnora Hunter-Fretwell, Executive Vice President

Mary McDonnell, Vice President

Jerry Fountain, Chief Financial Officer

Sharon Stoltzman, District A Director

Susanne Paradis, District B Director

Maria Aguilar, District C Director

Vincent Herrera, District D Director

Keith Umemoto, District E Director

Tim Behrens, District F Director

Patsy Jimenez, District G Director

Joe Reynoso – Sergeant at Arms

5. **Introductions, Agenda Changes/Corrections and Unscheduled Items**

CSR 23/2/1 Motion: Stephanie Hueg, second by Hunter-Fretwell – Changes to the agenda: the name of the guest speaker; move the swearing in of District A, B, & C Directors as the next agenda item; add thanking previous District B Director to the agenda. CARRIED

6. Swearing in of District A, B, & C Directors

District A, B, & C Directors were sworn in by President Hueg; she also thanked outgoing District B Director, Manijeh Fatollahi for her service and presented her with a certificate of excellence.

7. Approval of September 14, 2022 Board meeting Agenda

CSR 23/2/3 Motion: Mary McDonnell, second by Keith Umemoto - that the CSR Board of Directors approve the September 14, 2022 agenda. CARRIED

8. President's Report of Activities

President Hueg's activity report was distributed with the agenda material.

9. Board Member Activity Reports

Printed activity reports were distributed with the agenda material Board members reviewed their reports, making updates and adding comments.

10. Chief Financial Officer Report

CSR Financial Operating Results – December 2022

For the year ending December 31, 2022, CSR has recognized a net surplus of \$632k with a budgeted surplus of \$377k for 2022.

Based on 2022 activity, total revenue exceeded budgeted revenue by approximately \$213k as CSR continues to see steady growth in total membership.

Program expenditures for 2022 were under budget by approximately \$84k. This is largely driven by little activity in the Total Professional Services category, Chapter Dues Forfeitures and a capital gain distribution from the Edward Jones Advisory account, combined with higher than estimated Printing Costs and Postage & Freight expenses relating to the CSR newspaper.

Please note the information provided in these financial statements is materially correct, however some figures are subject to change as we are still receiving 2022 expenses that need to be reflected in 2022.

CSR's cash, money market, and investment balances held at Wells Fargo and Edward Jones at December 31, 2022 is approximately \$6.1 million.

End CFO Report

Jerry clarified that the charitable donations line item is not a requirement, the line item is an automatic accounting figure given for budgeting. (7%)

Line item is meant to serve as a guide to display the budgets total amount available.

Board member Patsy Jimenez requested that CSEA Accounting calculate the dollar amount in which CSR no longer retains its non-profit status and provide the Board with that figure.

Staff was directed to:

- Analyze implications of tax revenue and how it's related to nonprofit status.
- Verify expenditures are made in nominal income based off protecting money (Expenditures need to align with mission statement).
- Review business taxes, revenue income, nonprofit status, and report back to Board.

11. CalPERS Presenter

Jesse Uranga, Senior Retirement Benefits Counselor. Presented retirement benefits.

12. Legislative Report

Ted Toppin (Blanning & Baker) presented updates on current bills and the state budget. He also reviewed and discussed CSR endorsed candidates.

13. Committee Reports

13a. Finance Committee:

Committee chair Geanie Hixon made recommendation to the Board of Directors to eliminate the 3-month CAP on all chapter budgets.

CSR 23/2/4 Motion: Jerry Fountain, second by Vincent Herrera - to suspend the 3 month CAP through 2023 on all chapter budgets and refer it to Finance Committee for possible permanent cancellation. CARRIED

Committee chair Geanie Hixon made a recommendation to the Board of Directors to increase chapter dues allocations from \$1,000 to \$1,100.

CSR 23/2/5 Motion: Geanie Hixon, second by Jerry Fountain - that the CSR Board of Directors approve the increase of chapter due allocations to \$1,100. FAILED

Committee chair Geanie Hixon made a recommendation to the Board of Directors to increase the per diem meal amounts by \$5.00 per meal beginning first day of travel to Ontario's BOD meeting.

CSR 23/2/6 Motion: Jerry Fountain, second by Vincent Herrera.- That the CSR Board of Directors approve the increase of per diem meal amounts by \$5.00 beginning of first day of travel to Ontario. CARRIED

13b. Membership Committee:

Committee Chair Merilee Colton reported on the CSR Membership Committee vacancy. She recommended the Board appoint Russell Kilday-Hicks to the CSR Membership Committee.

CSR 23/2/7 Motion: Behrens, seconded by Mary, moved to add Russell Kilday-Hicks to Membership committee. CARRIED

Committee Chair Merilee Colton requested to hold committee workshops. Workshops will be scheduled in May 2023. Agenda TBD

The CSR membership committee recommended standard guidelines for chapter letters, and that these guidelines be placed in the governance manual under chapter policies.

All membership correspondence from the chapters should be on CSR letterhead, single page, with a readable font, and should include information about the mission of CSR to protect the pensions and health care benefits of all retired state employees.

CSR 23/2/8 Motion: Behrens, seconded by Hunter-Fretwell moved to standardize all membership communication from the chapters should be on CSR letterhead, on a single page, with a readable font, to include information about the mission of CSR. CARRIED

Committee Chair Merilee Colton recommended to continue outreach to state workers at their work sites. This recommendation was referred to the Board.

13c. Health and Benefits Committee:

Joe Reynoso presented Larry Woodson's report on his behalf to the board covering meetings attended, Woodson's current events and issues.

13d. BGR Committee:

The committee has requested to hold committee workshops. Workshops will be scheduled in May 2023. Agenda TBD.

13e. PAC Committee:

No report given.

14. Headquarters Report

No report given.

15. Upcoming Meetings

- June 26-28, **BOD Statewide Meeting** (San Jose CA)
- October 30- Nov 1 **BOD Statewide Meeting** (Sacramento)

16. **Adjourn**

Meeting adjourned by President Hueg at 4:00 p.m.

CALIFORNIA STATE RETIREES

Date: June 28, 2023

Agenda Item: 7

Title: President

Information

Presented by: Stephanie Hueg

Background: The following is a summary of my activities from February 1, 2023 through June 28, 2023.

<u>Date</u>	<u>Activity</u>	<u>Location</u>
February 6-7	Treasurers Training	Sacramento
February 9	Stakeholder meeting	Zoom
February 13	PAC/Board meeting	Teleconference
	Chapter 8 talk member	Sacramento
February 17	CalHR Prep	Zoom
February 25	CSEA meeting	Sacramento
February 28	CalHR review dental, vision	Zoom
March 3	Retiree Rt	Teleconference
March 6	Chapter 8 Presentation	Eureka
March 8	Chapter 8 talk member	Sacramento
March 9	Stakeholders meeting	Teleconference
March 13	CSR Exec. Committee	Teleconference
	CalPERS Investment	YouTube
March 14	CalPERS Paper Warrants	Zoom
	Letters to CalPERS Invest. Comm.	
March 15	CalPERS Board	YouTube
March 22	Membership meeting	Zoom

March 24	PAC Chair/Exec. Dir	Sacramento
	Chapter 8 member talk	Sacramento
March 27	PAC Endorsements Dissc.	Sacramento
April 11	Chapter 21 –Swearing In Talk	Napa
	CSR Meeting	Teleconference
April 14	Attend Director Services	Sonoma
April 17	Emergency Exec. Meeting	Sacramento
April 20	Chapter 26 Meeting Talk	Bakersfield
May 1	Retirees RT	Teleconference
May 5	CalPERS Stakeholder’s Meeting	Zoom
May 10	Chapter 2 Meeting	Sacramento
May 17	Board AdHOC Report	Sacramento
May 18	Board meeting & Exec. Session	Sacramento
May 30	CSEA Affiliate Meeting	Sacramento
June 2	CalPERS Board Committee	Teleconference
June 5	Chapter 8 Talk	Eureka
June 7	Chapter 15 Meeting	Auburn
June 14	Membership Committee	Zoom
June 15	Stakeholder’s Meeting	Teleconference
June 25-29	CSR BOD Meeting	Milpitas

CALIFORNIA STATE RETIREES

Date: June 28, 2023

Agenda Item: 8

Title: Executive Vice President

Information Presented by: Elnora Hunter-Fretwell

Background: The following is a summary of my activities from February 1, 2023 through June 28, 2023.

Date	Activity	Location
February 1	CSR Board meeting	Ontario
February 2	Chapter 17 meeting	San Diego
February 3	Chapter 2 Exec. Board meeting	Sacramento
February 6	Exec. Treasure Training meeting	Sacramento
February 7	Treasures Training	Sacramento
February 8	Treasure Training	Sacramento
February 13	Executive Board meeting	Sacramento
	CSR HQ's Meeting	Sacramento
February 14	CalPERS Board meeting	Sacramento
February 16	Chapter 4 meeting	Culver City
February 21	Chapter 35 meeting	Hanford
March 1	Chapter 11 meeting	Fresno
March 3	Chapter 2 Exec. Board meeting	Sacramento
March 6	Chapter 8 meeting	Eureka
March 8	Executive meeting	Sacramento
	CSR HQ's meeting	Sacramento
March 9	Stakeholder meeting Zoom	Sacramento

March 13	CalPERS Board meeting	Sacramento
March 14	CalPERS Board meeting	Sacramento
March 15	Chapter 14 meeting	Chico
March 17	Chapter 3 meeting	San Francisco
March 24	Executive meeting	Sacramento
	CSR HQ's meeting	Sacramento
March 27	CSR Board meeting	Sacramento
March 30	Fiona Ma	San Francisco
April 3	Chapter 2 meeting	Sacramento
April 6	CalPERS/CSR Discussion	Sacramento
April 7	NAACP Breakfast	Sacramento
April 11	Chapter 1	Oakland
April 12	Chapter 34 meeting	Fullerton
April 13	Chapter 6 meeting	Fontana
April 14	Ron's Service	Sonoma
April 17	CalPERS Board meeting	Sacramento
	CSR HQ's meeting	Sacramento
April 18	Executive Board meeting	Sacramento
April 20	Chapter 36 meeting	Salinas
April 28	Chapter 2 Exec. Board meeting	Sacramento
May 1	Executive meeting	Sacramento
	CSR HQ's meeting	Sacramento
May 2	Chapter 15 meeting	Rancho Cordova
May 4	Stakeholder meeting	Sacramento
May 9	Health Benefit meeting	Zoom
May 17	Planning meeting	Sacramento
	Brainstorming meeting	Sacramento
May 18	CSR meeting	Sacramento
June 5 th	Chapter 8 meeting	Loleta
June 7	Chapter 13 meeting	Redding
June 20-22	CalPERS Board meeting	Sacramento
June 26-28	CSR Board meeting	Milpitas

CALIFORNIA STATE RETIREES

Date: June 28, 2023

Agenda Item: 8

Title: Chief Financial Officer Activity Report

Information

Presented by: Jerry Fountain

Background: The following is a summary of my activities from February 1st, 2023, through June 28th, 2023.

Date	Activity	Location
February 1	CSR Board of Director's Meetings	Sacramento
February 3	CSR Chapter 165 Meeting	Sacramento
February 6	CSR Treasurer's Training	Sacramento
February 7	CSR Treasurer's Training	Sacramento
February 8	CSR Treasurer's Training	Sacramento
February 9	CSR Chapter 35 Meeting	Porterville
February 13	CSR Headquarters Meeting	Sacramento
February 14	CalPERS Board Meeting	Sacramento
February 16	CSR Chapter 5 Meeting	Modesto
February 25	CSEA Board of Directors Meeting	Sacramento
February 27	CSR Chapter 11 Volunteer Meeting	Fresno
March 1	CSR Chapter 11 Meeting	Fresno
March 8	CSR Headquarters Meeting	Sacramento
March 13	CSR Investment Committee Meeting (a.m.)	Sacramento
March 13	CalPERS Meeting (p.m.)	Sacramento
March 14	CalPERS Meeting	Sacramento
March 15	CalPERS Meeting	Sacramento
March 16	CSR Chapter 23 Meeting	San Jose
March 17	CSR Chapter 3 Meeting	San Francisco
March 22	CSR Membership Committee Meeting	Zoom
March 24	CSR Headquarters Meeting	Sacramento
March 27	CSR Board of Directors Meeting	Sacramento

April 10	CSR Chapter 19 Meeting	Ukiah
April 11	CSR Chapter 1 Meeting	Oakland
April 13	CalPERS Stakeholders Meeting	Zoom
April 17	CalPERS Meetings (a.m.)	Sacramento
April 17	CSR Headquarters Meeting (a.m.)	Sacramento
April 18	CalPERS Meeting	Sacramento
April 27	CSR Chapter 11 Exec. Officers Meeting	Fresno
May 1	CSR Headquarters Meeting	Sacramento
May 2	CSR Chapter 15 Meeting	Ranch Cordova
May 5	CSR Chapter 21 Meeting	Kenwood
May 6	Congressman John Garamendi's BBQ	Mokelumne
May 8	CSR Finance Committee Meeting	Zoom
May 16	CSR Chapter 35 Meeting	Hanford
May 17	CSR Headquarters Meeting	Sacramento
May 18	CSR Board of Directors Workshop	Sacramento
May 19	CSR Chapter 11 Meeting	Coalinga
May 30	CSEA Board of Directors Meeting	Sacramento
June 10	CSR Chapter 10 Meeting	San Luis Obispo
June 26-28	CSR Board of Directors Meeting	Milpitas

CALIFORNIA STATE RETIREES

Date: June 28, 2023

Agenda Item: 8

Title: Vice President

Information Presented by: Mary McDonnell

Background: The following is a summary of my activities from February 1, 2023 through June 28, 2023.

<u>Date</u>	<u>Activity</u>	<u>Location</u>
February 6-8	Treasure Training	Sacramento
February 13-14	CalPERS meeting	Sacramento
February 16	Chapter 5 meeting	Modesto
February 17	Chapter 3 & Executive Comm.	Daily City
February 22	Membership Committee	Zoom
March 8	Board Conference	Sacramento
March 13-15	CalPERS	Sacramento
March 16	Chapter 23 meeting	San Jose
March 17	Chapter 3 meeting	San Francisco
March 31	Board Conference	Sacramento
April 3	Chapter 2 meeting	Sacramento
April 5	Chapter 165 meeting	Rancho Cordova
April 11	Chapter 1 meeting	Oakland
April 17-18	CalPERS	Sacramento
May 1	Board meeting	Sacramento
May 2	Chapter 15 meeting	Rancho Cordova
May 6	Garamendi Dinner	Rancho Cordova
May 17	Ad Hoc Committee	Sacramento
May 18	Board Workshop	Sacramento

June 5	Chapter 8 meeting	Lolita
June 16	Chapter 3 meeting	San Francisco
June 19-21	CalPERS meeting	Sacramento
June 22	Chapter 23 meeting	San Jose
June 26-28	Board of Directors meeting	Milpitas

CALIFORNIA STATE RETIREES

Date: June 28, 2023

Agenda Item: 8

Title: District A Director Activity Report

Information Presented by: Sharon Stoltzman

Background: The following is a summary of my activities from February 1, 2023 through June 28, 2023.

<u>Date</u>	<u>Activity</u>	<u>Location</u>
February 1	Board of Directors	Ontario
February 8	Chapter 9 Confidential meeting	Downey
February 9	CalPERS Stakeholders	Zoom
February 13	Board meeting	HQ's
February 16	Chapter 4 meeting	Culver City
March 13	CalPERS meeting	Zoom
March 15	CalPERS meeting	Zoom
March 22	Membership meeting	Zoom
March 27	Board meeting	Zoom
March 27	Chapter 20 Exec. Board meeting	Glendale
April 12	Chapter 9 meeting	Downey
April 13	Chapter 20 meeting	Glendale
April 20	Chapter 4 meeting	Culver City
June 8	Chapter 20 meeting	Van Nuys
June 14	Chapter 9 meeting	Downey
June 15	Chapter 4 meeting	Culver City
June 26-26	Board of Directors	Milpitas

CALIFORNIA STATE RETIREES

Date: June 28, 2023

Agenda Item: 8

Title: District B Director Activity Report

Information Presented by: Susanne Paradis

Background: The following is a summary of my activities from February 1, 2023 through June 28, 2023.

Date	Activity	Location
February 1	CSR Board Meeting	Ontario
February 9	CalPERS Stakeholders meeting	Zoom
February 13	CalPERS Comm. meetings	Zoom
	Chapter 36 Treasure Training	Zoom
	Chapter 36 Exec. Board meeting	Zoom
	CSR Board meeting	Zoom
February 14	CalPERS Board meeting	Zoom
February 16	Chapter 36 membership meeting	Hollister
March 9	CalPERS Stakeholders meeting	Zoom
March 13	CalPERS Comm. meetings	Zoom
March 14	CalPERS Comm. Meetings	Zoom
March 15	CalPERS Board meeting	Zoom
March 27	CSR Board meeting	Sacramento
March 28	Chapter 31 Membership meeting	Oxnard
April 17	CalPERS Comm. Meeting	Zoom
	Meeting with Chapter 36 President	Salinas
April 18	CalPERS Board meeting	Zoom
April 20	Chapter 26 Membership meeting	Bakersfield

May 4	CalPERS Retiree Roundtable	Zoom
May 8	CSR Finance Committee meeting	Zoom
May 9	CSR Health Benefits Comm. Meeting	Zoom
May 15	Chapter 36 Exec. Comm. Meeting	Salinas
May 17	CSR Committee meeting	Sacramento
May 18	CSR Board meeting	Sacramento
June 3	Chapter 10 Membership meeting	San Luis Obispo
June 13	Chapter 31 Membership meeting	Oxnard
June 15	Chapter 36 Membership meeting	Monterey
	CalPERS Stakeholders meeting	Zoom
June 20-21	CalPERS Comm. Meetings	Sacramento
June 22	CalPERS Board meeting	Sacramento
June 26-28	CSR Board of Directors meetings	Milpitas

CALIFORNIA STATE RETIREES

Date: June 28, 2023

Agenda Item: 8

Title: District C Director Activity Report

Information Presented by: Maria Aguilar

Background: The following is a summary of my activities from February 1, 2023 through June 28, 2023.

Date	Activity	Location
February 1	CSR BOD Meeting	Ontario
February 13	PAC Teleconference	Zoom
February 17	Chapter 3 meeting	Colma
March 16	Chapter 23 meeting	San Jose
March 17	Chapter 3 meeting	San Francisco
March 27	CSR Board meeting	HQ
March 31	Chapter 1 meeting	San Leandro
April 11	Chapter 1 meeting	Oakland
April 27	Chapter 23 Robert Rivas AD29	Gilroy
May 9	Health Benefits Committee	Zoom
May 18	CSR Board meeting	HQ
May 19	Chapter 3 meeting	Colma
June 16	Chapter 3 meeting	San Francisco
June 22	Chapter 23 meeting	San Jose
June 26-28	CSR BOD meeting	Milpitas

CALIFORNIA STATE RETIREES

Date: June 28, 2023

Agenda Item: 8

Title: District D Director Activity Report

Information Presented by: Vincent Herrera

Background: The following is a summary of my activities from February 1, 2023 through June 28, 2023.

Date	Activity	Location
February 1	CSR BOD meeting	Ontario
February 13	CSR BOD meeting	HQ's
February 14	CalPERS Board of Administration	Sacramento
February 15	Chapter 14 meeting	Chico
March 1	Chapter 13 meeting	Redding
March 9	CalPERS Stakeholders meeting	Zoom
March 14	CalPERS P&HB	Sacramento
March 15	Chapter 14 meeting	Chico
March 22	Membership Committee	Zoom
March 27	CSR BOD meeting	HQ
April 4	Chapter 14 meeting	Susanville
April 5	Chapter 13 meeting	Redding
April 10	Chapter 19 meeting	Ukiah
April 11	Chapter 19 meeting	Upper Lake
April 19	Chapter 14 meeting	Chico
May 1	CSR meeting	HQ's
May 2	Chapter 14 meeting	Susanville
May 3	Chapter 13 meeting	Redding

May 9	Health & Benefits Committee meeting	Zoom
May 11	Chapter 13 meeting	Yreka
May 17	Chapter 14 meeting	Chico
May 18	CSR BOD meeting	HQ's
June 6	Chapter 14 meeting	HQ's
June 7	Chapter 13 meeting	Redding
June 13	Chapter 19 meeting	Upper Lake
June 14	Membership Committee meeting	Zoom
June 20	CalPERS PHB Committee	Sacramento
June 21	CalPERS Governance	Sacramento
June 21	Chapter 14 meeting	Chico
June 26-28	CSR Board of Directors meeting	Milpitas

CALIFORNIA STATE RETIREES

Date: June 28, 2023
Agenda Item: 8
Title: District E Director Activity Report

Information Presented by: Keith Umemoto

Background: The following is a summary of my activities from February 1, 2023 through June 28, 2023.

Date	Activity	Location
January 17	ACO Reach CalPERS	Zoom
February 3	Chapter 165 meeting	Rancho Cordova
February 6	Chapter 2 meeting	Sacramento
February 7	Chapter 15 meeting	Roseville
February 10	CARA Legislative Committee	Zoom
February 13	CSR Board on PAC Contributors	Sacramento
February 16	CARA Legislative Committee	Zoom
February 20	Labor Lobbyist meeting	Zoom
February 22	CARA Executive Board	Zoom
February 27	Chapter 15 Executive Board meeting	Sacramento
March 3	Chapter 2 Exec. Committee meeting	Sacramento
March 6	Chapter 2 Exec. Committee meeting	Sacramento
March 10	CARA Legislative Committee	Sacramento
March 13	Labor Lobbyist meeting	Zoom
March 13-15	CalPERS meetings	Sacramento
March 17	CARA Rally	Bakersfield
March 20	Labor Lobbyist meeting	Zoom
March 22	CARA Legislative Committee	Zoom

March 27	CSR Board on PAC Contributions	Sacramento
April 3	Chapter 2 meeting	Sacramento
April 5	Chapter 165 meeting	Rancho Cordova
April 10	Labor Lobbyist meeting	Zoom
April 14	CARA Lobby Day Prep	Zoom
April 17	Labor Lobbyist meeting	Zoom
April 17-18	CalPERS meeting	Sacramento
April 20	CARA Legislative Committee	Zoom
April 28	CARA Lobby Day	Zoom
April 28	Chapter 2 Executive meeting	Sacramento
April 28	Chapter 2 Board meeting	Sacramento
May 1	Labor Lobbyist meeting	Zoom
May 1	Chapter 2 meeting	Sacramento
May 2	Chapter 15 meeting	Rancho Cordova
May 3	CARA Sac Yolo meeting	Zoom
May 3	Chapter 15 meeting	Rancho Cordova
May 4	CalPERS Stakeholders	Sacramento
May 8-9	CA Labor Federation Leg. Conf.	Sacramento
May 15	Labor Lobbyist meeting	Sacramento
May 18	CSR Board meeting	Sacramento
June 5	Chapter 2 meeting	Sacramento
June 7	Chapter 165 meeting	Sacramento
June 19-21	CalPERS meeting	Sacramento
June 26-28	CSR Board of Directors	Milpitas

CALIFORNIA STATE RETIREES

Date: June 28, 2023

Agenda Item: 8

Title: District F Director Activity Report

Information

Presented by: Tim Behrens

Background: The following is a summary of my activities from February 1st, 2023, through June 28th, 2023.

Date	Activity	Location
February 6-7	CSR Chapter 5 Meeting	Sonora
February 9	CSR Chapter 35 Meeting	Porterville
February 13-15	CalPERS	Sacramento
February 16	CSR Chapter 5 Meeting	Modesto
March 13-15	CalPERS	Sacramento
March 17	CSR Chapter 16 Meeting	Stockton
March 22	Membership	Zoom
March 27	Board Meeting	Sacramento
April 13	CSR Chapter 35 Meeting	Porterville
April 14	Franklin	Sonoma
April 17-18	CalPERS	Sacramento
May 4	Mathis Event	Visalia
May 6	Garamendi Event	Angel's Camp
May 10	ACCCVR Zoom	Sacramento
May 18	Board Meeting	Sacramento
May 19	CSR Chapter 11 Meeting	Coalinga
June 28	CSR BOD Meeting	Milpitas

CALIFORNIA STATE RETIREES

Date: June 28, 2023

Agenda Item: 8

Title: District G Director Activity Report

Information

Presented by: Patsy Jimenez

Background: The following is a summary of my activities from February 1, 2023 through June 28, 2023.

DATE	EVENT	LOCATION
February 2	Chapter 17 member meeting	El Cajon
February 8	Chapter 34 member meeting	Fullerton
February 9	Chapter 6 member meeting	Ontario
February 13-14	CalPERS Board meeting	Webcast
February 14	Chapter 12 member meeting	Victorville
March 13-15	CalPERS Board meeting	Webcast
March 27	CSR Board meeting (PAC)	Teleconference
April 6	Chapter 17 member meeting	El Cajon
April 11	Chapter 12 member meeting	Palmdale
April 12	Chapter 34 member meeting	Fullerton
April 13	Chapter 6 member meeting	Fontana
April 17-18	CalPERS Board meeting	Webcast
April 20	Assby Ramos Open House	San Bernardino
April 21	Assby Ramos Fundraiser	Highland
April 29	Assby Gomez-Reyes Coffee	Rancho Cucamonga
May 22	CSR Board meeting	Sacramento
June 1	Chapter 17 member meeting	El Cajon
June 3	Assby Cervantes Fundraiser	Riverside
June 8	Chapter 6 member meeting	Temecula
June 9	Assby Gomez-Reyes Open House	San Bernardino
June 13	Chapter 12 member meeting	Victorville

June 14
June 19-21
June 26-28

Chapter 34 member meeting
CalPERS Board meeting
CSR BOD meeting

Fullerton
Webcast
Milpitas

CALIFORNIA STATE RETIREES

Date: June 28, 2023

Agenda Item: 9

Title: CFO Report

Information

Presented by: Jerry Fountain

March 2023 CSR Financial Operating Results

For the three months ending March 31, 2023, CSR has recognized a net surplus of \$148k with a budgeted surplus of \$332k for 2023.

Based on the first quarter of 2023 activity, total revenue is expected to exceed the budgeted revenue by approximately \$346K as CSR continues to see steady growth in total membership.

Program expenditures for the first three months of 2023 indicate that expenses are trending slightly higher than the budgeted expenses by approximately \$52K for the year. However, please note these variances should be evaluated in light that they are based on three months' worth of activity and are influenced by the timing of when actual expenses are incurred.

CSR's cash, money market, and investment balances held at Wells Fargo and Edward Jones at March 31, 2023 is approximately \$6.6 million. Please note that this figure includes April 2023 member dues as CalPERS transfers the following month's dues on the last day of the prior month if the 1st falls on the weekend.

**CALIFORNIA STATE RETIREES
AND AFFILIATED POLITICAL
ACTION COMMITTEES**

**CONSOLIDATED FINANCIAL
STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORT**

**YEARS ENDED
DECEMBER 31, 2022 AND 2021**

**CALIFORNIA STATE RETIREES
AND AFFILIATED POLITICAL ACTION COMMITTEES**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
California State Retirees and Affiliated Political Action Committees
Sacramento, California**

Opinion

We have audited the accompanying consolidated financial statements of the California State Retirees (a nonprofit organization) and Affiliated Political Action Committees, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the California State Retirees and Affiliated Political Action Committees, as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the California State Retirees and Affiliated Political Action Committees, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the California State Retirees and Affiliated Political Action Committees' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the California State Retirees and Affiliated Political Action Committees' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the California State Retirees and Affiliated Political Action Committees' 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.



GILBERT CPAs
Sacramento, California

May 12, 2023

**CALIFORNIA STATE RETIREES
AND AFFILIATED POLITICAL ACTION COMMITTEES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,793,189	\$ 3,527,138
Accounts receivable	347,290	329,355
Due from CSEA		5,103
Prepaid expenses and other current assets	<u>11,227</u>	<u>2,990</u>
Total current assets	4,151,706	3,864,586
INVESTMENTS	3,476,407	3,911,316
PROPERTY AND EQUIPMENT, Net	<u>15,392</u>	<u>38,544</u>
TOTAL ASSETS	<u>\$ 7,643,505</u>	<u>\$ 7,814,446</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 147,007	\$ 271,072
Due to CSEA	7,878	
Accrued vacation	<u>121,511</u>	<u>99,145</u>
Total current liabilities	276,396	370,217
NET ASSETS - Without donor restrictions	<u>7,367,109</u>	<u>7,444,229</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,643,505</u>	<u>\$ 7,814,446</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CALIFORNIA STATE RETIREES
AND AFFILIATED POLITICAL ACTION COMMITTEES**

**CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUES:		
Dues from members, net of refunds and processing fees of \$30,758 and \$29,969 for 2022 and 2021, respectively	\$ 3,908,300	\$ 3,731,096
PAC contributions	432,042	460,298
Advertising revenue	4,000	7,000
Investment income (loss)	<u>(559,797)</u>	<u>225,919</u>
Total revenues	<u>3,784,545</u>	<u>4,424,313</u>
EXPENSES:		
Program services:		
Member services	2,312,338	2,179,978
PAC expenses	<u>798,859</u>	<u>749,858</u>
Total program services	3,111,197	2,929,836
Supporting services:		
General and administrative	<u>750,468</u>	<u>696,786</u>
Total expenses	<u>3,861,665</u>	<u>3,626,622</u>
INCREASE (DECREASE) IN NET ASSETS	(77,120)	797,691
NET ASSETS, Beginning of Year	<u>7,444,229</u>	<u>6,646,538</u>
NET ASSETS, End of Year	<u>\$ 7,367,109</u>	<u>\$ 7,444,229</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CALIFORNIA STATE RETIREES
AND AFFILIATED POLITICAL ACTION COMMITTEES**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

<u>2022</u>	<u>Member services</u>	<u>PAC expenses</u>	<u>General and administrative</u>	<u>Total</u>
Personnel costs	\$ 956,877		\$ 130,482	\$ 1,087,359
Political Action Committee contribution expense		\$ 679,176		679,176
Contribution to chapters	418,266		57,036	475,302
Travel, meetings, and conferences	407,199	10,635	55,526	473,360
Printing, postage, and publications	393,267	4,682	53,628	451,577
Central support usage			414,468	414,468
Professional fees	13,272	103,823	22,310	139,405
Rent and office expense	83,672		11,410	95,082
Depreciation	20,374		2,778	23,152
Other expenses	19,411	543	2,830	22,784
Total	<u>\$ 2,312,338</u>	<u>\$ 798,859</u>	<u>\$ 750,468</u>	<u>\$ 3,861,665</u>
<u>2021</u>	<u>Member services</u>	<u>PAC expenses</u>	<u>General and administrative</u>	<u>Total</u>
Personnel costs	\$ 953,747		\$ 130,056	\$ 1,083,803
Political Action Committee contribution expense		\$ 603,039		603,039
Contribution to chapters	317,952		43,358	361,310
Travel, meetings, and conferences	340,645	2,606	46,451	389,702
Printing, postage, and publications	351,366	1,868	47,914	401,148
Central support usage			378,780	378,780
Professional fees	67,954	141,645	29,466	239,065
Rent and office expense	94,802	600	12,928	108,330
Depreciation	20,375		2,778	23,153
Other expenses	33,137	100	5,055	38,292
Total	<u>\$ 2,179,978</u>	<u>\$ 749,858</u>	<u>\$ 696,786</u>	<u>\$ 3,626,622</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CALIFORNIA STATE RETIREES
AND AFFILIATED POLITICAL ACTION COMMITTEES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS AND OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (77,120)	\$ 797,691
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	23,152	23,153
Realized and unrealized (gain) loss on investments	577,094	(155,429)
Change in:		
Accounts receivable	(17,935)	(19,257)
Due to/from CSEA	12,981	3,523
Prepaid expenses and other current assets	(8,237)	30,576
Accounts payable	(124,065)	242,406
Accrued expenses	<u>22,366</u>	<u>35,738</u>
Net cash provided by operating activities	<u>408,236</u>	<u>958,401</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(643,461)	(170,472)
Proceeds from the sale of investments	<u>501,276</u>	<u> </u>
Net cash used by investing activities	<u>(142,185)</u>	<u>(170,472)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	266,051	787,929
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>3,527,138</u>	<u>2,739,209</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 3,793,189</u>	<u>\$ 3,527,138</u>

The accompanying notes are an integral part of these consolidated financial statements.

CALIFORNIA STATE RETIREES AND AFFILIATED POLITICAL ACTION COMMITTEES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

California State Retirees purpose is to represent certain retired employees of the State of California in the following matters: retirement benefits, healthcare, pay increases, pension protection and legislative advocacy in support of programs beneficial to state retirees.

California State Retirees sponsors two unincorporated political action committees: California State Retirees Political Action Committee (CSR PAC) and California State Retirees Issues Political Action Committee (CSRIPAC).

Principles of consolidation – The accompanying financial statements reflect the consolidation of California State Retirees, CSR PAC, and CSRIPAC (collectively, CSR). Material intercompany transactions and balances among these organizations have been eliminated.

Basis of presentation– The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations. CSR reports information regarding its financial position and activities according to the following net asset classifications: net assets without donor restrictions and net assets with donor restrictions. CSR has no net assets with donor restrictions as of December 31, 2022 and 2021.

Revenue recognition – CSR's principal revenue source is monthly dues received from members. These dues are established under the formula prescribed by CSR's bylaws and approved by the membership. CSR's revenue from contracts with customers consist of membership dues and advertising.

Membership dues are recognized monthly over the membership period. Advertising revenue is recognized over the advertisement period. Investment income is recognized when earned.

Generally, payment is due from members in the month following the monthly membership period. CSR does not provide refunds for members that wish to terminate their membership prior to the end of the membership period.

Cash and cash equivalents – For financial statement purposes, CSR considers all investments with an initial maturity of three months or less to be cash equivalents, unless held for long-term purposes.

CSR minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. CSR cash and cash equivalents held with financial institutions in excess of federal depository insurance limits were \$3,315,059 and \$3,038,512 at December 31, 2022 and 2021, respectively. CSR has not experienced any losses in such accounts and management believes CSR is not exposed to any significant credit risk related to cash.

Investments are stated at fair value with the exception of certificates of deposit, which are stated at cost plus accrued interest. Changes in market value are recorded as investment income or loss in the consolidated statements of activities.

CALIFORNIA STATE RETIREES AND AFFILIATED POLITICAL ACTION COMMITTEES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Accounts receivable are reported at the amount that CSR expects to collect on balances outstanding at year-end. Based on management's assessment of receivables having outstanding balances and past history, it has concluded that losses on balances outstanding are unlikely; therefore, no allowance for doubtful accounts is deemed necessary at December 31, 2022 and 2021.

Accounts receivable from contracts with customers consist of membership dues and totaled \$338,678, \$316,461, and \$297,521 at December 31, 2022, 2021, and 2020, respectively.

Property and equipment is stated at cost. Assets are depreciated over useful lives of five to fifteen years, using the straight-line method. CSR capitalizes all expenditures for property and equipment in excess of \$5,000.

Functional expenses – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, telecommunications, occupancy, insurance, and personnel expenses which are allocated on the basis of time and effort studies.

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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Income taxes – California State Retirees is exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(5). CSR PAC and CSRIPAC are exempt under IRC Section 527. CSR has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the consolidated financial statements.

Fair value measurements – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the asset or liability.

**CALIFORNIA STATE RETIREES
AND AFFILIATED POLITICAL ACTION COMMITTEES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Subsequent events have been reviewed through May 12, 2023, the date the consolidated financial statements were available to be issued. Management concluded that no material subsequent events have occurred since December 31, 2022 that require recognition or disclosure in the consolidated financial statements.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

CSR's financial assets available within one year of the consolidated statements of financial position dates for general expenditure are as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,793,189	\$ 3,527,138
Accounts receivable	347,290	329,355
Due from CSEA		5,103
Investments	<u>3,476,407</u>	<u>3,911,316</u>
Total financial assets	<u>7,616,886</u>	<u>7,772,912</u>
Less amounts unavailable for general expenditures within one year, due to:		
Legally restricted for use by CSR PAC and CSRIPAC	<u>(1,252,830)</u>	<u>(1,240,177)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,364,056</u>	<u>\$ 6,532,735</u>

CSR has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet a minimum of 60 days of normal operating expenses. CSR structures its financial assets to be available for its general expenditures, liabilities, and when other obligations come due. In addition, as part of its liquidity management, CSR invests cash in excess of daily requirements in various investment accounts. These investments are classified as noncurrent in the consolidated statements of financial position as it's CSR's intent to hold these investments for long-term purposes. However, these investments could be made available if necessary.

**CALIFORNIA STATE RETIREES
AND AFFILIATED POLITICAL ACTION COMMITTEES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

3. INVESTMENTS

Investments consist of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 32,467	\$ 50,078
Taxable municipal bonds	124,817	541,726
Federally tax-exempt municipal bonds	407,816	449,142
Government and agency securities	247,262	262,492
Certificate of deposit	49,875	51,461
Mutual funds:		
Intermediate core plus bond	445,078	292,734
Large value	350,009	310,745
Large growth	257,691	251,404
Foreign large blend	148,350	166,235
Bank loan	81,973	83,781
Short-term bond	81,229	
Foreign large value	76,083	55,641
Diversified emerging market	71,598	110,257
Small growth	66,534	57,301
Mid-cap growth	51,627	58,458
Mid-cap value	51,255	79,240
High yield bond	50,637	55,676
Foreign small/mid blend	37,567	72,390
Foreign large growth	35,535	
Emerging markets bond	35,527	35,812
Global bond	33,297	
Intermediate core bond		217,883
Muni California long		82,223
Small value		61,241
Intermediate government		32,648
Global real estate		19,732
Common stocks:		
Technology	259,802	43,392
Consumer defensive	119,097	59,764
Financial services	99,471	105,496
Industrials	74,320	56,165
Communication services	54,964	34,967
Healthcare	45,331	98,830
Consumer cyclical	42,047	70,514
Utilities	32,027	24,609
Basic materials	13,121	19,279
	<u>\$ 3,476,407</u>	<u>\$ 3,911,316</u>

Investments in cash and cash equivalents, mutual funds, and common stocks are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices in active markets for identical assets.

**CALIFORNIA STATE RETIREES
AND AFFILIATED POLITICAL ACTION COMMITTEES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

Investments in taxable municipal bonds, federally tax-exempt municipal bonds, and government and agency securities are classified within Level 2 of the fair value hierarchy because they are valued using alternative pricing methods using observable information inputs, such as current interest rates.

Certificates of deposit are valued at cost plus accrued interest.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Member dues receivable	\$ 338,678	\$ 316,461
Travel advance receivables	7,168	11,450
Other receivables	<u>1,444</u>	<u>1,444</u>
	<u>\$ 347,290</u>	<u>\$ 329,355</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Computer equipment	\$ 59,032	\$ 70,133
Software	<u>107,382</u>	<u>110,368</u>
	166,414	180,501
Less: accumulated depreciation	<u>(151,022)</u>	<u>(141,957)</u>
Property and equipment, net	<u>\$ 15,392</u>	<u>\$ 38,544</u>

6. LINE OF CREDIT

CSR has a \$990,227 line of credit with Edward Jones collateralized by cash and investments held with the institution. The approved line of credit is based on the investment balance which is subject to change daily. The line of credit bears an interest rate of 6.75% and 3.25% as of December 31, 2022 and 2021, respectively. There was no balance outstanding as of December 31, 2022 and 2021.

7. SERVICE AGREEMENT

CSR is affiliated with California State Employees Association (CSEA). CSEA's purpose is to provide shared administrative services to its affiliate entities, one of which is CSR. CSR has a service agreement with CSEA to receive support services including administration, accounting, human resources, information technology, and membership. CSR reimburses CSEA for its usage of these support services. The service agreement also requires CSR to pay its allocated share of the above services when such services are for the benefit of CSR. These services are known as "CSEA

**CALIFORNIA STATE RETIREES
AND AFFILIATED POLITICAL ACTION COMMITTEES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

central support". CSEA central support costs incurred by CSR totaled \$414,468 and \$378,780 for 2022 and 2021, respectively. CSR also reimburses CSEA for payroll costs, related overhead items, and any other CSR costs paid by CSEA. Reimbursements totaled \$1,087,359 and \$1,081,292 for 2022 and 2021, respectively.

CSR has an operating lease agreement with CSEA for office space which operates on a month to month basis. Rent expense under this agreement for the years ended December 31, 2022 and 2021 were \$18,480 and \$17,196, respectively.

Due to and Due from CSEA

At December 31, 2022 CSR reported \$7,878, due to CSEA for central support. At December 31, 2021, CSR reported \$5,103 due from CSEA. At December 31, 2022 and 2021, CSR owed CSEA \$121,511 and \$99,145, respectively, for unbilled accrued vacation expense which is included in accrued expenses on the consolidated statements of financial position.

CALIFORNIA STATE RETIREES AND AFFILIATED
POLITICAL ACTION COMMITTEES

Communications With Those Charged With Governance

Submitted by

Gilbert CPAs

We have audited the consolidated financial statements of California State Retirees and Affiliated Political Action Committees (CSR) for the year ended December 31, 2022. We are providing CSR's Board of Directors (Board) with information regarding the scope and results of the audit to assist the Board in overseeing management's financial reporting and disclosure process. This information is intended solely for the use of the Board and management of CSR and is not intended to be, and should not be, used by anyone other than these specified parties. The following pages summarize these required communications.

May 12, 2023

RESPONSIBILITIES AND OPINION

<p>Auditors' Responsibilities under Generally Accepted Auditing Standards (GAAS)</p> <p>The consolidated financial statements are the responsibility of management. As stated in our engagement letter, our responsibility is to express an opinion about whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.</p>	
<p>We issued an unmodified opinion on the consolidated financial statements of CSR for the year ended December 31, 2022.</p>	

INTERACTIONS WITH MANAGEMENT

<p>Management Consultations with Other Independent Accountants</p> <p>In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to CSR's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.</p>	<p>To our knowledge, there were no such consultations with other accountants.</p>
<p>Disagreements with Management</p> <p>For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report.</p>	<p>We are pleased to report that no such disagreements arose during the course of our audit.</p>
<p>Management Representations</p>	<p>We have requested certain representations from management that are included in their letter to us.</p>
<p>Difficulties Encountered in Performing the Audit</p>	<p>We encountered no significant difficulties in dealing with management in performing and completing our audit. Management and staff were well prepared and cooperative.</p>

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

RESULTS OF THE AUDIT

<p>Significant Accounting Policies</p> <p>Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application.</p>	<p>The significant accounting policies used by CSR are described in notes to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022.</p> <p>We noted no transactions entered into by CSR during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.</p>	<p>Planned Scope and Timing of the Audit</p>	<p>We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.</p>
<p>Management Judgments and Accounting Estimates</p> <p>Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected.</p>	<p>We considered the methodologies and judgments used in the selection of useful lives of property and equipment, the valuation and classification of investments, and the allocation of functional expenses. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the consolidated financial statements taken as a whole. In addition, the related financial statement disclosures are neutral, consistent and clear.</p>	<p>Significant Risks Identified by the Auditor</p> <p>In order to design appropriate audit procedures in accordance with GAAS, the engagement team is required to perform a risk assessment during its audit planning process.</p>	<p>The following significant risks of material misstatement presumed by the auditing standards were incorporated into our audit plan:</p> <ul style="list-style-type: none"> • Improper revenue recognition due to fraud. • Management override of controls.
<p>Other Audit Findings or Issues</p>	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as CSR's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.</p>	<p>Significant Adjustments or Disclosures Not Reflected in the Consolidated Financial Statements</p> <p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.</p>	<p>The following adjustment identified during the audit was corrected by management:</p> <ul style="list-style-type: none"> • Decrease both accrued vacation and salaries expense by \$105,909 due to incorrect accrual hourly rate used for one employee.



CSR Member Expense Claim Instructions

- General:**
- 1) Expense claims must be submitted no later than the calendar month following the time the expenses were incurred.
 - 2) Any expense paid by another claimant shall be noted on the expense claim.
 - 3) Each claimant must sign the certification statement at the right of the claim form.
 - 4) Expense claims which are not accompanied by the required receipts, authorization and details will not be paid.
 - 5) The most economical use of Association/Affiliates funds, consistent with the convenience of the claimant and the schedule of the meeting, shall control.
 - 6) Do not tape or use highlighter on receipts as it affects the ability to Xerox or scan the document.
 - 7) Please note your phone number and e-mail information on your claim to receive processing updates and so you can be contacted if there are any questions concerning your claim.

Date: Indicate each date on which expenses were incurred.

Location: Show the location at which expenses were incurred.

Depart: Show the hour at which you departed for a meeting or other activity.

Return: Show the hour at which you returned from a meeting or other activity.

Activity: Describe the purpose of the expenditures.

Lodging: 1) The regular allowance is based on the negotiated rate. Lodging other than General Council lodging shall not be allowed if residence is within 40 miles/40 minutes from meeting location. Only actual expense within the above limits is reimbursed, and original receipts are required.

2) A maximum of the following amounts may be claimed for incidental expenses incurred during any 24-hour period involving a lodging claim.

California State Retirees.....\$15.00

Meals: 1) Meal expenses may be allowed up to the following rates:

	<u>Breakfast</u>	<u>Lunch</u>	<u>Dinner</u>
California State Retirees.....	\$25.00	\$25.00	\$35.00

- 2) Breakfast may not be claimed if departure is after or return is prior to 8:00 a.m. Lunch may not be claimed if departure is after or return is prior to 12:00 noon. Dinner may not be claimed if departure is after or return is prior to 7:00 p.m.
- 3) When meals are purchased for other persons authorized to claim meal expense, such persons must be listed on the expense claim with receipt attached.

Travel:

- 1) Indicate the mode of transportation and cost. Common carrier (plane, bus, etc.) is the authorized method of transportation but private automobiles or privately owned or rented aircraft may be authorized if a common carrier is not available, is more costly, or would be unreasonably inconvenient.
- 2) If private automobile is **authorized** and used, indicate the number of miles traveled (in the comment space at bottom of claim) and use the allowance of **\$0.655** cents per mile. **(These rates are subject to change.)** If private automobile is NOT authorized, but used, claim the common carrier fare. If travel is made in another claimant's automobile, travel expense will be allowed only to one claimant.
- 3) Transportation receipts, when applicable, must be submitted with claim.

Misc.:

- 1) Taxi fares are authorized only when no other transportation is practical or available, or when the fare for several riders is not more than the common carrier fee.
- 2) Long distance telephone charges must identify the date, place and party called. If the call is in excess of \$1.00, receipts are required.
- 3) Parking expenses are reimbursed, but receipts are required for amounts in excess of \$10.00 per day.
- 4) Bridge tolls are reimbursed, and no receipts are required.
- 5) Other actual and necessary expenses of an unusual nature, upon approval of the Secretary-Treasurer/Division Financial Officer, may be reimbursed when appropriately recorded and adequately explained.



CALIFORNIA STATE RETIREES INC
 3000 Advantage Way, Ste. 100 Sacramento, CA 95834

EXPENSE CLAIM

ACCOUNTING USE ONLY

Committee _____ Chapter _____ Bd of Directors _____

Name (print) _____ Date _____

Mailing Address _____ City/Zip _____

E-Mail Address _____ Phone Number _____

Date					
Location					
Time Depart					
Time Return					
Activity					
Activity Code					
	LODGING	LODGING	LODGING	LODGING	LODGING
1. Room					
2. Incidentals					
	MEALS	MEALS	MEALS	MEALS	MEALS
3. Breakfast					
4. Lunch					
5. Dinner					
	TRAVEL	TRAVEL	TRAVEL	TRAVEL	TRAVEL
6. Common Carrier					
7. Airporter					
8. Personal Car					
9. Parking					
10. Bridge Tolls					
	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS
11. Taxi cabs					
12. Tele/telegrams					
13. Other (explain)					
TOTAL					

I hereby certify that this is a true statement of travel expenses incurred by me in accordance with the current travel expense policy of the Association during the period of this claim, that all items shown were for official business of the Association, and that no expenses herein were received or paid from any other source.

Signature _____
 Title _____

Total expense this page		
Total on attached pages		

Grand total expenses		
Less – travel advances		
Balance Due	Member	\$
	CSR	\$

APPROVED _____

NOTE: Original to be provided to Chapter Treasurer with Receipts attached; Retain Copies



CALIFORNIA STATE RETIREES INC
 3000 Advantage Way, Ste. 100 Sacramento, CA 95834

EXPENSE CLAIM

ACCOUNTING USE ONLY

Committee _____ Chapter _____ Bd of Directors _____

Name (print) _____ Date _____

Mailing Address _____ City/Zip _____

E-Mail Address _____ Phone Number _____

Date					
Location					
Time Depart					
Time Return					
Activity					
Activity Code					
	LODGING	LODGING	LODGING	LODGING	LODGING
1. Room					
2. Incidentals					
	MEALS	MEALS	MEALS	MEALS	MEALS
3. Breakfast					
4. Lunch					
5. Dinner					
	TRAVEL	TRAVEL	TRAVEL	TRAVEL	TRAVEL
6. Common Carrier					
7. Airporter					
8. Personal Car					
9. Parking					
10. Bridge Tolls					
	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS
11. Taxi cabs					
12. Tele/telegrams					
13. Other (explain)					
TOTAL					

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Total expense this page		
Total on attached pages		

Date	Item	Comment	Grand total expenses	
			Less – travel advances	
			Balance Due	Member \$
				CSR \$
			APPROVED	

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 3000 Advantage Way, Ste. 100 Sacramento, CA 95834

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ACCOUNTING USE ONLY

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Date					
Location					
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Time Return					
Activity					
Activity Code					
	LODGING	LODGING	LODGING	LODGING	LODGING
1. Room					
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3. Breakfast					
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5. Dinner					
	TRAVEL	TRAVEL	TRAVEL	TRAVEL	TRAVEL
6. Common Carrier					
7. Airporter					
8. Personal Car					
9. Parking					
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	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS
11. Taxi cabs					
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Signature	
Title	
Total expense this page	
Total on attached pages	

Date	Item	Comment

Grand total expenses	
Less – travel advances	
Balance Due	Member \$
	CSR \$
APPROVED	

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CALIFORNIA STATE RETIREES INC
 3000 Advantage Way, Ste. 100 Sacramento, CA 95834

EXPENSE CLAIM

ACCOUNTING USE ONLY

Committee _____ Chapter _____ Bd of Directors _____

Name (print) _____ Date _____

Mailing Address _____ City/Zip _____

E-Mail Address _____ Phone Number _____

Date					
Location					
Time Depart					
Time Return					
Activity					
Activity Code					
	LODGING	LODGING	LODGING	LODGING	LODGING
1. Room					
2. Incidentals					
	MEALS	MEALS	MEALS	MEALS	MEALS
3. Breakfast					
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	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS	MISCELLANEOUS
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Grand total expenses	
Less – travel advances	
Balance Due	Member \$
	CSR \$
APPROVED	

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