



BASIC FINANCIAL STATEMENTS
June 30, 2022 and 2021
(With Independent Auditor's Report Thereon)



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INDEPENDENT AUDITORS' REPORT

Members of the CalSavers Retirement Savings Board
CalSavers Retirement Savings Trust – Program Fund
Sacramento, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of fiduciary net position and statement of changes in fiduciary net position of the CalSavers Retirement Savings Trust – Program Fund (the Program), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the Program, as of June 30, 2022 and 2021, and the respective changes in fiduciary financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Program 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 opinions.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, the Program is a private purpose trust fund of the State of California and is one of two funds that comprise the CalSavers Retirement Savings Trust (the Trust). These basic financial statements present only the activities and balances attributable to the Program Fund and do not purport to, and do not, present fairly the financial position or changes in financial position or where applicable, cash flows of the State of California or the Trust. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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 the Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Program'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.

Other Matters

Contributions

The CalSavers Retirement Savings Trust Act (the Act) requires employers that do not offer a qualified retirement plan (as defined in the Act) to facilitate the Program by providing their eligible employees with the opportunity to save for retirement through payroll deductions. We did not perform any procedures to determine that every employer required by the Act to offer the Program to employees is actually doing so. Additionally, we did not perform any audit procedures to obtain an understanding of the design and implementation of internal control over payroll processing, calculation of employee contributions and remittance of employee contributions were accurately calculated based on participating employee contribution elections, that amounts remitted to the Program Administrator were complete and accurate, or that all eligible employees who had not opted out were participating.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2023, on our consideration of the Program's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California
May 8, 2023

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Management's Discussion and Analysis
(Unaudited)



(CalSavers Retirement Savings Trust – Program Fund)

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2022 and 2021**

This management’s discussion and analysis is intended to provide readers an objective discussion of the financial statements of the **CalSavers Retirement Savings Trust – Program Fund**, also known as **CalSavers** (Program). This discussion and analysis, which is supplementary information required by the Governmental Accounting Standards Board (GASB), is intended to provide a highly summarized overview of the Program’s assets, liabilities, fiduciary net position and changes in fiduciary net position and should be read in conjunction with the Program’s financial statements and notes thereto, which are included on pages 15 through 27.

* * * * *

The CalSavers Retirement Savings Trust Act (SB 1234) (Act) established the CalSavers Retirement Savings Trust (Trust) to be administered by the CalSavers Retirement Savings Board (Board). The Act requires eligible employers to offer a payroll deposit retirement savings arrangement so that eligible employees are able to contribute a portion of their salary or wages to a retirement savings program account in the Program, unless the employer already offers a qualified retirement plan. Eligible employees are automatically enrolled in the Program, unless the employee opts out, within 30 days of receipt of Program information. Employee participation in the Program is completely voluntary, and employees can opt out at any time. Employers make no contribution to participant accounts and are prohibited from encouraging or discouraging employee participation in the Program, requiring employee participation in the Program, or restricting employee participation in the Program.

The Board consists of nine members, with the California State Treasurer serving as chair. The other members include the Director of Finance (or the director’s designee), the State Controller (or the Controller’s designee), an individual with retirement savings and investment expertise appointed by the Senate Committee on Rules, an employee representative appointed by the Speaker of the Assembly, a small business representative appointed by the Governor, a public member appointed by the Governor, and two additional members appointed by the Governor. The Board and the program administrator and staff, including contracted administrators and consultants, must discharge their duties as fiduciaries with respect to the Trust solely in the interest of the Program participants.

The Trust shall be administered by the Board for the purpose of promoting greater retirement savings for California private employees in a convenient, voluntary, low-cost and portable manner. Any contributions paid by employees into the Trust shall be used exclusively for the purpose of paying benefits to the participants of the Program, for the cost of administration of the Program and for investments made for the benefit of the Program. The Trust is an instrumentality of the State of California (State).



(CalSavers Retirement Savings Trust – Program Fund)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2022 and 2021**

The Program is designed as a payroll-deduction, automatic-enrollment program which utilizes individual retirement accounts to hold participant contributions. Participant accounts are portable and remain the sole possession of the individual participant. Contributions held within the Trust shall not be commingled with any other State funds. The State has no claim to or against, or interest in, assets held in the Trust.

As required by statute, the Board has adopted a third-party administrator operational model that limits employer interaction and transactions with the employee to the extent feasible. The Board has contracted with Ascensus College Savings Recordkeeping Services, LLC (Ascensus) to provide Program administration and recordkeeping services. Ascensus is responsible for day-to-day Program operations, such as establishing and maintaining accounts for participating employees, processing participant instructions as directed, issuing Program account statements, responding to employer and participant inquiries, and fulfilling Internal Revenue Service (IRS) reporting requirements.

Financial Highlights

The following are financial highlights of the Program:

- For the year ended June 30, 2022, 14,775 employers remitted payroll contributions to the Program.
- For the year ended June 30, 2022, there were a total of 276,862 funded accounts in the Program, with an average account balance of approximately \$806.
- For the year ended June 30, 2022, the Program's fiduciary net position totaled \$223,043,152.
- For the year ended June 30, 2022, contributions to the Program totaled \$202,601,341 with \$32,212,015 distributed from participant accounts.
- Net investment loss on the Program's investments totaled (\$36,183,015) for the period from July 1, 2021 through June 30, 2022.
- As of June 30, 2022 administrative fees totaled \$1,279,664. These fees, which are calculated based on the net position of each investment option, are paid to Ascensus and the Board for performing oversight and administrative duties. See Note 4 for further information on administrative fees.



(CalSavers Retirement Savings Trust – Program Fund)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2022 and 2021

Overview of the Basic Financial Statements

The Program's basic financial statements comprise the statements of fiduciary net position, the statements of changes in fiduciary net position and the related notes to the financial statements. The statements of fiduciary net position presents information on the Program's assets and liabilities, with the difference between them representing net position held in trust for Program participants. The statements of changes in fiduciary net position shows how the Program's fiduciary net position changed during the reporting period. The notes to the financial statements provide additional explanatory information about the amounts presented in the financial statements. It is essential that readers of this report consider the information in the notes to obtain a full understanding of the Program's financial statements.

The Program is included in the financial reporting entity of California as a private purpose trust fund. Private purpose trust funds are a type of fiduciary fund and are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations or other governments. A fiduciary fund is used to report assets held by a government in a trust or custodial capacity for others and cannot be used to support the government's own programs.

The Program's basic financial statements are prepared in accordance with accounting and financial reporting standards for governmental entities set forth by the GASB. As required under generally accepted accounting principles applicable to fiduciary fund types, the Program's basic financial statements are prepared using the accrual basis of accounting. Mutual funds are reported at fair value. All investment transactions are recorded on a trade-date basis. Changes in the fair value of investments, along with realized gains or losses, are reported as net appreciation or depreciation on the statements of changes in fiduciary net position. Dividends and capital gain distributions are recorded on the ex-dividend date rather than when they are received. Contributions are recognized when they are received, provided enrollment in the Program has been successfully completed, and distributions are recognized when the request has been received and approved for payment. Fees are recognized in the period when the related services are provided, regardless of when cash is paid.



(CalSavers Retirement Savings Trust – Program Fund)

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2022 and 2021**

Financial Analysis

Fiduciary Net Position

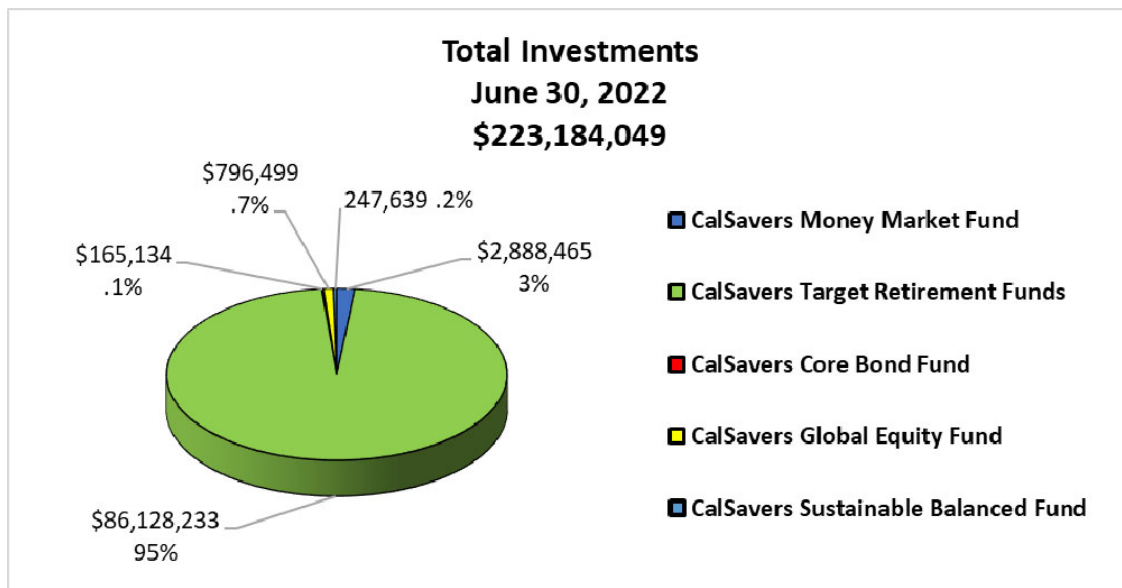
The following condensed statements of fiduciary net position provide a snapshot of the overall financial position of the Program:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Assets	\$ 223,186,909	\$ 90,282,556	\$ 5,316,964
Total Liabilities	<u>143,757</u>	<u>166,051</u>	<u>92,173</u>
Fiduciary Net Position	<u>\$ 223,043,152</u>	<u>\$ 90,116,505</u>	<u>\$ 5,224,791</u>

Fiduciary net position represents the cumulative total of contributions from participants since the Program’s inception, increased (decreased) by net investment income (loss), and decreased by distributions to participants and fees.

Investments, which totaled \$223,184,049 as of June 30, 2022, represent over 99% of the Program’s total assets. Account owners are able to direct investment of their contributions into investment options, which are invested in one or more underlying mutual funds. See the Investment Commentary on pages 10 through 13 for more information about the Program’s investments.

At June 30, 2022, the Program’s assets are invested in the following investment options:





(CalSavers Retirement Savings Trust – Program Fund)

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2022 and 2021

Financial Analysis (Continued)

Fiduciary Net Position (Continued)

The Program’s liabilities, which totaled \$143,757 as of June 30, 2022, comprise accrued fees, payables for distributions approved but not yet paid and payables for underlying mutual fund purchase transactions and amounts due to administrator.

Changes in Fiduciary Net Position

The following condensed statements of changes fiduciary net position summarize how the Program’s net position changed during the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contributions	\$ 202,601,341	\$ 90,239,035	\$ 5,322,712
Net Investment Income	(36,183,015)	3,029,386	69,881
Distributions	(32,212,015)	(8,245,599)	(452,988)
Fees	(1,279,664)	(131,108)	(14,445)
Net Increase	132,926,647	84,891,714	4,925,160
Fiduciary Net Position (Beginning of Period)	<u>90,116,505</u>	<u>5,224,791</u>	<u>299,631</u>
Fiduciary Net Position (End of Period)	<u>\$ 223,043,152</u>	<u>\$ 90,116,505</u>	<u>\$ 5,224,791</u>

Investment Commentary

The following provides a brief description of the Program’s investment options. More complete information can be found in the Program disclosures, or each mutual fund’s fact sheet, prospectus and annual report.

The Program offers a range of investment options from conservative to aggressive, designed to appeal to varying levels of risk tolerance, time horizons and return expectations. In exchange for contributions to the Program, participants receive units of participation in the Trust. These units are municipal securities.

Each investment option, with the exception of the CalSavers Global Equity Investment Option, invests in a single underlying mutual fund. The CalSavers Global Equity Investment Option invests in a blend of two underlying mutual funds. Participants do not invest directly in mutual funds, and they may not influence the selection of mutual funds comprising each investment option.



(CalSavers Retirement Savings Trust – Program Fund)

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2022 and 2021**

Investment Commentary (Continued)

The Board has contracts with State Street Global Advisors Trust Company (SSGA) and Newton Investment Management Limited (Newton) to provide the underlying mutual funds that comprise each investment option in the Program.

The assets of the CalSavers Money Market Fund Investment Option are invested in the State Street US Government Money Market Fund, which has an investment objective of maximizing current income, to the extent that it remains consistent with the preservation of capital and liquidity, by investing in U.S. dollar-denominated money market securities. This option is the default investment of account owners for the first 30 days, beginning on the date of the first contribution.

The CalSavers Target Retirement Funds are investment options that correspond with the year closest to when a participant will reach the target retirement age, defined as age 65. Each Target Retirement Fund has a specific “target date” (e.g., 2035, 2045, 2055) and invests in an underlying mutual fund that is primarily composed of a mix of stock and bond funds, with some publicly-traded real estate exposure included in target date years closer to retirement. The Target Retirement Funds seek to provide for retirement outcomes based on quantitatively measured risk, and are broadly diversified across global asset allocations that automatically become more conservative over time as an investor nears target retirement age. After 30 days from the date of the account owner’s first contribution, the balance in the CalSavers Money Market Fund at that time, and any future contributions, are automatically transferred to a CalSavers Retirement Fund based on the account owner’s age and expected year of retirement.

The assets of the CalSavers Core Bond Fund Investment Option are invested in the State Street Aggregate Bond Index Fund, which has an investment objective of tracking as closely as possible, before fees and expenses, the total return of an index composed of the total US investment grade bond market.

The assets of the CalSavers Global Equity Fund Investment Option are invested in the State Street Global Equity ex-US Index Fund and the State Street Equity 500 Index Fund. The goal of the CalSavers Global Equity Fund is to provide investment results that, before fees and expenses, correspond generally to the total return performance of a broad-based index of domestic and foreign equity markets. As mentioned, the CalSavers Global Equity Fund Investment Option is the only investment option that invests in more than one underlying fund. Rather, it consists of a US investment offering as well as a non-US investment offering with weights of each assigned based on the US/Non-US components of the MSCI ACWI Index.

The assets of the CalSavers Sustainable Balanced Fund Investment Option are invested in the BNY Mellon Sustainable Balanced Fund. The investment strategy of the CalSavers Sustainable Balance Fund seeks to generate capital appreciation by investing in the equity securities of global companies that demonstrate sustainable business practices and issuers of U.S. investment grade fixed income securities that satisfy certain environmental, social and governance (ESG) criteria.



(CalSavers Retirement Savings Trust – Program Fund)

**MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2022 and 2021**

Investment Commentary (Continued)

Portfolio Performance

With the exception of two investment options, all have an inception date of January 2, 2019. The CalSavers Sustainable Balanced Fund (Environmental, Social, Governance) had an inception date of July 1, 2019, and the CalSavers Target Retirement Fund 2070 had an inception date of April 17, 2020. During the period from July 1, 2021 through June 30, 2022, all underlying investments, with one exception (the CalSavers Money Market Fund), experienced double-digit negative returns. Likewise, all underlying funds, with one exception (the State Street Target Retirement Fund), experienced double-digit negative returns as well. During the investment period observed, the financial markets were hurt by four major headwinds: rising inflation, rising interest rates, supply chain shortages, and the Russian invasion of Ukraine. The high amount of built-up cash for consumers during the COVID-19 pandemic, and little product supply to satisfy demand, caused inflation to rise quickly. The Federal Reserve Board tried to fight inflation by raising interest rates, causing bonds to suffer negative performance nearly as bad as equity markets. The US bond market was down 10.29% from July 1, 2021 through June 30, 2022, while US and international equity markets were down 13.87% and 19.42% respectively during the same period, leaving few safe havens for investors.

Returns for each of the investment options and their associated underlying mutual fund(s) for the period from inception through June 30, 2022 are listed in the following table. Returns are net of investment manager fees only:

Investment Option and Underlying Fund(s)	Return
CalSavers Money Market Fund	0.00%
State Street Instl US Gov MM Fund – GVMXX	0.20%
CalSavers Core Bond Fund	-11.07%
State Street Agg Bond Index Fund - SSFEX	-10.31%
CalSavers Global Equity Fund	-14.99%
State Street Equity 500 Index Fund – SSSYX	-10.65%
State Street Global ex-US Index Fund - SSGLX	-19.74%
CalSavers Sustainable Balanced Fund	-14.12%
BNY Mellon Sustainable Balance K - DRAKX	-13.42%
CalSavers Target Retirement Fund	-10.05%
State Street Target Ret Fund – SSFOX	-9.33%
CalSavers Target Retirement Fund 2020	-11.04%
State Street Target Ret 2020 Fund – SSBOX	-10.31%



(CalSavers Retirement Savings Trust – Program Fund)

MANAGEMENT’S DISCUSSION AND ANALYSIS
(Unaudited)
June 30, 2022 and 2021

Investment Commentary (Continued)

Portfolio Performance (Continued)

Investment Option and Underlying Fund(s)	Return
CalSavers Target Retirement Fund 2025	13.20%
State Street Target Ret 2025 Fund – SSBSX	-12.52%
CalSavers Target Retirement Fund 2030	-15.29%
State Street Target Ret 2030 Fund – SSBYX	-14.63%
CalSavers Target Retirement Fund 2035	-16.47%
State Street Target Ret 2035 Fund – SCKX	-15.75%
CalSavers Target Retirement Fund 2040	-17.01%
State Street Target Ret 2040 Fund – SSCQX	-16.33%
CalSavers Target Retirement Fund 2045	-17.65%
State Street Target Ret 2045 Fund – SDEX	-16.99%
CalSavers Target Retirement Fund 2050	-18.15%
State Street Target Ret 2050 Fund – SSDLX	-17.51%
CalSavers Target Retirement Fund 2055	-18.18%
State Street Target Ret 2055 Fund – SSDQX	-17.55%
CalSavers Target Retirement Fund 2060	-18.10%
State Street Target Ret 2060 Fund – SSDYX	-17.46%
CalSavers Target Retirement Fund 2065	-18.12%
State Street Target Ret 2065 Fund – SSFKX	-17.56%
CalSavers Target Retirement Fund 2070	-18.11%
State Street Target Ret 2065 Fund – SSFKX	-17.56%

Basic Financial Statements



STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Investments	\$ 223,184,049	\$ 90,280,682
Receivables	2,860	1,874
Total Assets	<u>223,186,909</u>	<u>90,282,556</u>
LIABILITIES		
Accrued fees	143,757	54,711
Due to administrator	-	111,340
Total Liabilities	<u>143,757</u>	<u>166,051</u>
FIDUCIARY NET POSITION, RESTRICTED		
FOR PROGRAM PARTICIPANTS	<u>\$ 223,043,152</u>	<u>\$ 90,116,505</u>

See accompanying notes to financial statements.



STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ADDITIONS		
Contributions	\$ 202,601,341	\$ 90,239,035
Investment income:		
Dividend income	3,291,131	95,400
Net appreciation (loss) in fair value of investments	<u>(39,474,146)</u>	<u>2,933,986</u>
Net investment income (loss)	<u>(36,183,015)</u>	<u>3,029,386</u>
Total Additions	<u>166,418,326</u>	<u>93,268,421</u>
DEDUCTIONS		
Distributions	32,212,015	8,245,599
Fees	<u>1,279,664</u>	<u>131,108</u>
Total Deductions	<u>33,491,679</u>	<u>8,376,707</u>
NET INCREASE	<u>132,926,647</u>	<u>84,891,714</u>
FIDUCIARY NET POSITION, BEGINNING OF PERIOD	<u>90,116,505</u>	<u>5,224,791</u>
FIDUCIARY NET POSITION, END OF PERIOD	<u><u>\$ 223,043,152</u></u>	<u><u>\$ 90,116,505</u></u>

See accompanying notes to financial statements.



(CalSavers Retirement Savings Trust – Program Fund)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS

The following provides a brief description of the CalSavers Retirement Savings Trust – Program Fund, also known as CalSavers (the Program). For more information and disclosures about the Program, refer to the Program’s website at www.calsavers.com or call 1-855-650-6918.

(a) General

The CalSavers Retirement Savings Trust Act (SB 1234) (the Act) established the Program as a retirement savings program in the form of an automatic enrollment payroll deduction Roth Individual Retirement Account (Roth IRA) for the purpose of promoting greater retirement savings for California private sector employees in a convenient, voluntary, low-cost and portable manner. The Program uses payroll withholding to help workers who do not have access to an employer-sponsored plan to save their own money for retirement. The Act requires certain employers to facilitate the Program by providing their eligible employees with the opportunity to save through payroll deductions, unless the employer offers a qualified plan, as specified in the Act. Eligible employees are automatically enrolled into the Program, unless they opt out of the Program within 30 days after notice of their enrollment has been provided to them. Employee participation in the Program is completely voluntary. The employers make no contributions to participant accounts. Subject to laws and regulations applicable to Roth IRA accounts, participants may make tax-free withdrawals of contributions and qualified distributions of earnings.

The CalSavers Retirement Savings Board (the Board), also established under the Act, is responsible for designing, implementing and administering the Program. The Board consists of the California State Treasurer, Director of Finance (or the director’s designee), the State Controller, an individual with retirement savings and investment expertise appointed by the Senate Committee on Rules, an employee representative appointed by the Speaker of the Assembly, a small business representative appointed by the Governor, a public member appointed by the Governor and two additional members appointed by the Governor. The Board intends that the Program be operated in such a manner as to not be considered a pension plan under Title I of the Employee Retirement Income Security Act (ERISA). Changes in or interpretations of laws and regulations could have a significant impact on the structure of the Program.

Pursuant to the Act, contributions to the Program are held in the CalSavers Retirement Savings Trust (the Trust). The Board administers the Trust.



(CalSavers Retirement Savings Trust – Program Fund)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS (Continued)

(a) General (Continued)

The Trust is segregated into two funds – the Program Fund and the Administrative Fund. Any contributions paid into the Trust are held in the Program Fund to be used exclusively for the purpose of paying benefits to participants, for covering the costs of administration of the Program and for investments made for the benefit of the Program. Transfers may be made from the Program Fund to the Administrative Fund for the purpose of paying costs associated with administration of the Trust, such as Board operations costs, program administrator and investment expenses and costs associated with enforcement and compliance (see Note 4 for disclosures regarding the state fee). It is intended that the Trust be a self-sustaining trust with sufficient resources to pay all costs related to administration of the Trust; however, funding for initial staff and other operating costs have been paid by the state’s General Fund. The Board is responsible for repaying these costs to the General Fund out of the Administrative Fund, and such amount is not a liability of the Program. The Administrative Fund presents separately issued financial statements from the Program Fund.

The Program is included in the financial reporting entity of California as a private purpose trust fund. Private purpose trust funds are a type of fiduciary fund and are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private organizations or other governments. A fiduciary fund is used to report assets held by a government in a trust or custodial capacity for others and cannot be used to support the government’s own programs.

These basic financial statements are intended to present only the fiduciary net position and changes therein of the Program and do not purport to, and do not, present balances and activities attributable to the Administrative Fund, nor do they present the fiduciary net position or changes therein of the Trust or any other fiduciary funds of the state of California.

The Program offers a range of investment options to meet the risk tolerance and investment objectives of participants. Each investment option invests in a single underlying mutual fund, except for the CalSavers Global Equity Fund Investment Option which invests in two underlying mutual funds. Participants purchase units of investment options, not shares of the underlying mutual fund. These units are municipal fund securities.



(CalSavers Retirement Savings Trust – Program Fund)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1: ORGANIZATION AND NATURE OF OPERATIONS (Continued)

(b) Program Administration

The Board has entered into a contract with Ascensus College Savings Recordkeeping Services, LLC (ACSR), pursuant to which ACSR serves as the Program Administrator. ACSR and its affiliates are responsible for day-to-day Program operations, such as establishing accounts for participating employees, processing contributions and participant instructions as directed, issuing CalSavers account statements and fulfilling Internal Revenue Service (IRS) reporting requirements. See Note 4 for disclosures regarding compensation paid to ACSR for these services.

Certain employees of the CalSavers Retirement Savings Board (the Board) perform marketing and other administration services for the Program. Costs incurred by the Board staff related to the Program are not reported as expenses in the Program's basic financial statements.

(c) IRA Custodian

Ascensus Trust Company, an affiliate of ACSR, serves as the IRA Custodian responsible for providing a cashing function and other responsibilities under Section 408(a) and other applicable provisions of the Internal Revenue Code.

(d) Municipal Securities Custodian

The Bank of New York Mellon is the Program's custodian of the municipal securities (i.e., the units issued to participants) and is responsible for maintaining the assets that are contributed to each investment option.

(e) Investment Managers

SSGA Funds Management, Inc. (State Street) and Newton Investment Management Limited (Newton) manage the underlying mutual funds that comprise each investment option.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

In accordance with accounting principles generally accepted in the United States of America applicable to fiduciary fund types prescribed by the Governmental Accounting Standards Board (GASB), the Program's basic financial statements are prepared using the flow of economic resources measurement focus and accrual basis of accounting.

(b) Income Taxes

The Program is exempt from federal and state income tax.



(CalSavers Retirement Savings Trust – Program Fund)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Estimates

The preparation of basic financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(d) Investments

The Program invests in mutual funds, which are reported at fair value, based on net asset value per share as of the close of the New York Stock Exchange (NYSE) on the reporting date. Net realized and unrealized gains (losses) are included in “net appreciation (depreciation) in fair value of investments” on the statements of changes in fiduciary net position. Purchases and sales of shares of mutual funds are recorded on a trade-date basis. Dividends and capital gain distributions are recorded on the ex-dividend date and are automatically reinvested in additional shares of the respective mutual fund.

Accounting standards categorize fair value measurements according to a hierarchy based on valuation inputs that are used to measure fair value. Level 1 inputs are quoted prices for identical assets in active markets that can be accessed at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for an asset, either directly or indirectly. Level 3 inputs are unobservable. The fair values of the mutual funds in which the Program invests are determined using Level 1 inputs.

(e) Cash and Cash Equivalents

Cash and cash equivalents generally include participating employee contributions that have not yet been invested in the underlying mutual funds and/or redemption proceeds from mutual fund sales to satisfy distribution requests that have not yet been processed.

(f) Contributions

For employees who have not opted out of the Program, the employer deducts contributions from payroll based on each participating employee’s current contribution elections, which can be either the default contribution elections set by the Program or alternate contribution elections selected by the employee, and transfers those payroll deductions to the Program Administrator.

Amounts deducted are required to be transmitted to the Program Administrator within seven business days after the end of the payroll period during which the amounts were deducted. Contributions that are received by the Program Administrator from employers in good order prior to the close of the New York Stock Exchange (NYSE) are credited to participant accounts and recorded as increases in fiduciary net position on the same business day.



(CalSavers Retirement Savings Trust – Program Fund)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Contributions (Continued)

If an employee has not opted out of the Program or has not chosen alternate elections, he or she will be enrolled using the following default contribution elections:

- The initial rate of contribution to the Program is 5% of compensation.
- Contribution rates will be automatically increased by 1% on January 1 each year, beginning January 1, 2020, until a maximum of 8% is reached. Automatic escalation occurs for participants who have been contributing for at least 6 months. Account owners may opt-out of the automatic increase feature.
- An account owner's initial contributions will be invested in the CalSavers Money Market Fund for 30 days, beginning on the date of the first contribution. After 30 days, the balance in the CalSavers Money Market Fund at that time, and any future contributions, will be automatically transferred to a CalSavers Target Retirement Fund based on the account owner's age and expected year of retirement.

Employees who do not want to enroll at the default contribution rate of 5% may change their contribution elections. The minimum contribution rate is 1%, and the maximum contribution rate is 100% of available wages, subject to federal annual contribution limits. Employees may also choose to opt out of auto-escalation.

Additionally, participants who do not want to use the default election investment options may choose the investment option(s) into which their contributions will be invested. Although participants can select the investment options in which their contributions are invested, they cannot direct the selection of the mutual funds that comprise each investment option.

Employee contributions are invested in one or more of the following investment strategies, depending upon employee contribution elections:

Money Market Fund is an investment option with the investment objective of maximizing current income, to the extent consistent with the preservation of capital and liquidity, by investing in an underlying fund that invests in U.S. dollar denominated money market securities.

Sustainable Balanced Fund is an investment option with the investment objective of maximizing current income, to the extent consistent with the preservation of capital and liquidity, by investing in an underlying fund that invests in U.S. dollar denominated money market securities.



(CalSavers Retirement Savings Trust – Program Fund)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Contributions (Continued)

Target Retirement Funds are investment options that correspond with the year closest to when the participant will be 65 or plans to retire. Each Target Retirement Fund has a specific “target date” (e.g., 2035, 2045, 2055) and invests in an underlying fund that includes a mix of stock and bond funds. These investment options seek to provide for retirement outcomes based on quantitatively measured risk. The investment options will be broadly diversified across global asset allocations, becoming more conservative over time as an investor nears target retirement age.

Core Bond Fund is an investment option with the investment objective of tracking as closely as possible, before fees and expenses, the total return of an index composed of the total US investment grade bond market.

Global Equity Fund is an investment option that seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of a broad-based index of domestic and foreign equity markets over the long term.

(g) Distributions

Participants may request distributions from their accounts online, by phone or by mail.

Distributions are recorded as deductions from fiduciary net position on the date the request is received if such request is found to be in good order and is received prior to the close of the NYSE.

(h) Exchanges

Transfers of funds between investment options due to participants changing their investment elections are referred to as “exchanges.” The amounts of contributions and distributions reported on the statements of changes in fiduciary net position do not include exchanges, as these types of transactions have no impact on the overall financial position of the Program.

(i) Unit Valuation

Each participant’s full and/or fractional interest in an investment option is evidenced by a unit. The net asset value of a unit is calculated daily based on the fair value of the mutual fund(s) held in that investment option, adjusted for the effects of transactions such as accrued fees and investment income.

The value of any individual account is determined by multiplying the number of units in an investment option attributable to that participant’s account by the net asset value per unit of that investment option.



(CalSavers Retirement Savings Trust – Program Fund)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 3: INVESTMENTS

(a) Investments by Type

The Program’s mutual funds and their respective fair values at June 30, 2022 and 2021, are as follows:

Investment Option	Underlying Mutual Fund	2022	2021
CalSavers Money Market Fund	State Street Institutional US Government Money Market Fund	\$ 3,774,388	\$ 2,888,465
CalSavers Target Retirement Fund	State Street Target Retirement Fund	4,389,516	1,682,405
CalSavers Target Retirement Fund 2020	State Street Target Retirement 2020 Fund	7,923,106	2,980,556
CalSavers Target Retirement Fund 2025	State Street Target Retirement 2025 Fund	17,123,142	6,512,698
CalSavers Target Retirement Fund 2030	State Street Target Retirement 2030 Fund	22,779,687	8,717,802
CalSavers Target Retirement Fund 2035	State Street Target Retirement 2035 Fund	23,923,250	9,234,134
CalSavers Target Retirement Fund 2040	State Street Target Retirement 2040 Fund	21,307,613	8,601,529
CalSavers Target Retirement Fund 2045	State Street Target Retirement 2045 Fund	21,843,958	9,026,601
CalSavers Target Retirement Fund 2050	State Street Target Retirement 2050 Fund	22,743,013	9,476,376
CalSavers Target Retirement Fund 2055	State Street Target Retirement 2055 Fund	26,073,093	10,813,706
CalSavers Target Retirement Fund 2060	State Street Target Retirement 2060 Fund	27,937,244	11,279,031
CalSavers Target Retirement Fund 2065	State Street Target Retirement 2065 Fund	19,684,855	7,766,999
CalSavers Target Retirement Fund 2070	State Street Target Retirement 2070 Fund	524,059	91,108
CalSavers Core Bond Fund	State Street Aggregate Bond Index Fund	379,405	165,134
CalSavers Global Equity Fund	State Street Equity 500 Index Fund	1,244,457	458,499
CalSavers Global Equity Fund	State Street Global Equity ex-US Index Fund	787,150	338,000
CalSavers Sustainable Balanced Fund	BNY Mellon Sustainable Balanced Fund	746,113	247,639
Total Investments		<u>\$ 223,184,049</u>	<u>\$ 90,280,682</u>



(CalSavers Retirement Savings Trust – Program Fund)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 3: INVESTMENTS (Continued)

(b) Investment Risk

The mutual funds in which the Program invests include in their asset holdings various investment securities, such as corporate debt and equity securities, obligations of the U.S. government and government agencies and international equity securities. These securities are exposed to interest rate, market and credit risk, and it is at least reasonably possible that changes in their fair values could occur in the near term, materially affecting participant balances and the amounts reported in the Program's basic financial statements.

Accounting standards require that certain disclosures be made related to the Program's investment policy and its exposure to credit risk, interest rate risk and foreign currency risk, which are included in the paragraphs that follow.

Investment Policy

The Board has adopted an investment policy statement that is intended to enable the Board to make Program investment decisions according to an established process that reflects the Board's set of investment beliefs. The policy outlines the underlying philosophies and processes for the selection, monitoring and evaluation of the investment options offered to participants, the underlying investments of the investment options and the selected investment managers providing the underlying investments. Specifically, the policy defines the Program's investment objectives, defines the roles and responsibilities of various parties, describes the types of investment options offered under the Program and the criteria for selecting underlying investments and investment managers, and establishes performance measurement and monitoring procedures.

There are no provisions of the policy that specifically address credit risk, interest rate risk, concentrations of credit risk, or foreign currency risk.

Credit Risk

Certain mutual funds in which the Program invests may include in their asset holdings bonds issued by corporations, foreign governments, the U.S. government and its agencies and instrumentalities. Through its investment in these mutual funds, the Program may be indirectly exposed to credit risk, which is the risk that a bond issuer will fail to pay interest and principal, when due, as a result of adverse market or economic conditions.

The Program's mutual funds are not exposed to custodial credit risk, which is the risk that the Program will not recover the value of investments that are in the possession of an outside party.



(CalSavers Retirement Savings Trust – Program Fund)

**NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021**

NOTE 3: INVESTMENTS (Continued)

(b) Investment Risk (Continued)

None of the mutual funds in which the Program invests are rated by a nationally recognized statistical rating organization, except for the State Street Institutional US Government Money Market Fund, which is rated AAAM by Standard & Poor’s and AAAMmf by Fitch.

Interest Rate Risk

Certain mutual funds in which the Program invests may be exposed to interest rate risk due to their underlying asset holdings being composed of bonds or other fixed income securities. Interest rate risk is the risk that changes in interest rates will adversely impact the fair value of an investment. Average maturity is the average length of time until fixed-income securities held by a fund reach maturity and will be repaid, taking into consideration the possibility that the issuer may call a bond before its maturity date. In general, the longer the average maturity, the more a fund’s share price will fluctuate in response to changes in interest rates. As of June 30, 2022 and 2021, the average maturity of holdings in each of the bond funds in which the Program’s assets are invested are as follows:

	2022	2021
	<u>Average Maturity</u>	<u>Average Maturity</u>
State Street Institutional US Government Money Market Fund	13 days	27 days
State Street Aggregate Bond Index Fund	8.3 years	8.6 years

Foreign Currency Risk

Certain mutual funds in which the Program invests may include in their asset holdings foreign debt and equity securities. There are certain inherent risks involved when investing in international securities that are not present with investments in domestic securities, such as foreign currency exchange rate fluctuations, adverse political and economic developments and the possible prevention or delay of currency exchange due to foreign governmental laws or restrictions.

Fair Value Measurements

The Program categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets and consists of three levels as follows:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.



(CalSavers Retirement Savings Trust – Program Fund)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 3: INVESTMENTS (Continued)

(b) Investment Risk (Continued)

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

The Program had the following recurring fair value measurements as of June 30:

	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets 6/30/2022 (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments at Fair Value				
Mutual Funds	\$ 223,184,049	\$ 223,184,049	\$ -	\$ -
	Fair Value Measurements			
	Quoted Prices in Active Markets for Identical Assets 6/30/2021 (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Investments at Fair Value				
Mutual Funds	\$ 89,484,183	\$ 89,484,183	\$ -	\$ -
Investments at Net Asset Value (NAV)				
CalSavers Global Equity Fund	796,499			
Total Investments	\$ 90,280,682			



(CalSavers Retirement Savings Trust – Program Fund)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 3: INVESTMENTS (Continued)

(b) Investment Risk (Continued)

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds

The fair value of mutual funds is determined by quoted market price at year-end.

CalSavers Global Equity Fund

This investment is composed of holdings in two mutual funds, the State Street Global All Cap Equity ex-US Index Fund and the State Street Equity 500 Index Fund. The fair value of the investment has been determined using NAV per share of the fund as reported by the Custodial Bank.

Additionally, there were no unfunded commitments or redemption notice periods for investments measured at net asset value.

NOTE 4: FEES AND EXPENSES

Each investment option has an annualized asset-based fee that is deducted from assets in each investment option. The annualized asset-based fee reduces the return participants earn on their investments in the Program. Each participant indirectly bears a pro-rata share of the annual costs and expenses associated with each investment option in which his or her assets are invested. The annualized asset-based fee consists of the Program Administration Fee, the State Fee and the Underlying Fund Fee, as described below. These fees accrue daily and are factored into the net asset value of each investment option.

Program Administration Fee

The Program Administrator receives a fee as compensation for providing recordkeeping and administrative services to the Program. This fee, which is 0.75% of net position of each investment option, is paid from Program assets and is reflected as a reduction in fiduciary net position on the statements of changes in fiduciary net position.

State Fee

The Board receives a fee to be used to offset expenses related to establishment, oversight and administration of the Program. This fee, which is 0.05% of net position of each investment option, is paid from Program assets and is reflected as a reduction in fiduciary net position on the statements of changes in fiduciary net position.



(CalSavers Retirement Savings Trust – Program Fund)

NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 4: FEES AND EXPENSES (Continued)

Underlying Fund Fee

This fee includes investment advisory fees, administrative fees and other expenses of each underlying mutual fund in which Program assets are invested. The Underlying Fund Fee is paid out of the assets of the mutual fund, reducing the amount of income available for distribution to the Program, and is not paid from Program assets. As such, these fees are not reported on the statements of changes in fiduciary net position.

Fees paid from Program assets for the year ended June 30, 2022 are as follows:

Program administration fee	\$ 1,198,522
State fee	81,142
Total fees	<u>\$ 1,279,664</u>

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the CalSavers Retirement Savings Board
CalSavers Retirement Savings Trust – Program Fund
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the CalSavers Retirement Savings – Trust Program Fund (the Program) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Program's basic financial statements, and have issued our report thereon dated April xx, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Program's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Program's internal control. Accordingly, we do not express an opinion on the effectiveness of the Program's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

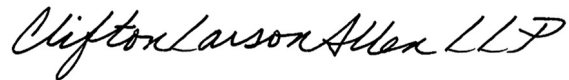
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Program's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Program's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Roseville, California
May 8, 2023