

# **Retired Employees Of San Diego County**

## **Sections**

- Representation letter sign and email asap to josem100@yahoo.com
- Reviewed Financial Statements:
  - Review of Independent Accountant's Review Report,
  - Review of Comparative Statements of Financial Position,
  - Review of Comparative Statements of Activities,
  - Review of Comparative Statements of Cash Flows,
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  - Review of Notes to Financial Statements,
- Review series of recommendations
- Review invoice

REPRESENTATION LETTER - SIGN AND EMAIL ASAP TO  
josem100@yahoo.com

## Retired Employees Of San Diego County

Date: September 25, 2025

To: Jose Mejares, CPA, and MSSM  
PO Box 12022  
La Jolla, CA 92039

Re: Representation Letter

We are providing this letter in connection with your review of the balance sheet and the related statements of revenues, expenses, and changes in fund balances, and cash flows of Retired Employees Of San Diego County as of December 31, 2024 and for the year then ended, for the purpose of obtaining limited assurance that there are no modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of the financial position, results of activities, and cash flows of the above mentioned Association in accordance with accounting principles generally accepted in the United States of America and the selection and application of the accounting policies.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person using the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of September 25, 2025, the following representations made to you during your review:

1. We acknowledge our responsibilities and have fulfilled our responsibilities for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, as set out in the terms of the engagement.
2. We have made available to you all-
  - a. Financial records and related data of which we are aware are relevant to the preparation and fair presentation of the financial statements.
  - b. Minutes of the meetings of members, directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - c. Additional information you have requested from us for the purpose of the review.
  - d. Unrestricted access to personnel from whom you determined it necessary to obtain review evidence.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. All transactions have been recorded and have been properly reflected in the financial statements.
5. There are no uncorrected misstatements.

6. We acknowledge and have fulfilled our responsibility for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
7. We acknowledge our responsibility for designing, implementing, and maintaining internal control to prevent and detect fraud.
8. We have no knowledge of any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.
9. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements as a whole or others. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware and we have appropriately accounted for and disclosed such relationships and transactions.
10. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware and we have appropriately accounted for and disclosed such relationships and transactions.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
12. The following have been properly recorded or disclosed in the financial statements:
  - a. Related-party transactions and related accounts receivable or payable, including member assessments, purchases, loans, transfers, leasing arrangements, and guarantees.
  - b. Guarantees, whether written or oral, under which the entity is contingently liable.
  - c. Commitments to purchase or sell investments or agreements to repurchase assets previously sold.
  - d. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB ASC 275, Risks and Uncertainties.
13. There are no:
  - a. Known actual or possible instances of noncompliance with laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Known actual or possible claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with FASB ASC 450, Contingencies.
  - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450, Contingencies.
14. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
15. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
16. We believe significant assumptions used by us in making accounting estimates, reasonable in the circumstances.

17. We are in agreement with the adjusting journal entries, if any, you have recommended, and they have been posted to the entity's accounts..
18. The board of directors has reviewed the entity's insurance coverage for the current year and believes it is adequate.
19. We have disclosed to you all information relevant to the use of the going concern assumption in the financial statements.
20. No events have occurred subsequent to the date of the entity's financial statements and through the date of this letter that would require adjustments to, or disclosure in, the aforementioned financial statements.
21. We have responded fully and truthfully to all inquiries made to us by you during your review.
22. The entity's books and records are complete.
23. We feel an allowance for uncollectible accounts of \$0, is sufficient.

Sincerely,

Association Manager or Board Member: \_\_\_\_\_

Date: \_\_\_\_\_

REVIEWED FINANCIAL STATEMENTS

**JOSE M. MEJARES, CPA, MSSM**  
(858) 622-9262, voice • (858) 242-4897, fax  
PO Box 12022, La Jolla, CA 92039

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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**Retired Employees Of San Diego County**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

AND

COMPARATIVE FINANCIAL STATEMENTS

FOR THE YEARS ENDED

December 31, 2024 AND 2023

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3. Comparative Statements of Financial Position
4. Comparative Statements of Activities
5. Comparative Statements of Cash Flows
6. Comparative Statements of Functional Expenses
7. Notes to Financial Statements

**JOSE M. MEJARES, CPA, MSSM**  
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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
**Retired Employees Of San Diego County**  
3760 Convoy Street, #118  
San Diego, CA 92111

I have reviewed the accompanying financial statements of **Retired Employees Of San Diego County**, which comprise the balance sheet as of **December 31, 2024**, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

**Accountant's Responsibility**

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of **Retired Employees Of San Diego County** and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

**Accountant's Conclusion**

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Report on 2023 Financial Statements**

The financial statements of **Retired Employees of San Diego County** as of December 31, 2023, were audited by me. The report is dated September 7, 2024. I stated the financial statements are stated fairly, in all material respects with accounting principles generally accepted in the United States of America.

Jose M. Mejares, CPA  
San Diego, California  
September 25, 2025

# Retired Employees Of San Diego County

## Comparative Statements of Financial Position

December 31, 2024 and 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
Current Assets		
Cash in Accounts and Short-Term CD's	\$ 447,169	\$ 245,422
Long-Term CDs	367,922	512,189
Investments in Trading Securities	404,903	390,337
Prepaid Expenses	3,551	4,043
Total Currents Assets	<u>1,223,545</u>	<u>1,151,991</u>
Fixed Assets		
Equipment	21,336	21,336
Furniture	20,017	20,017
Accumulated depreciation-equip. and furn.	<u>(35,858)</u>	<u>(34,571)</u>
Total Fixed Assets	<u>5,495</u>	<u>6,782</u>
 TOTAL ASSETS	 <u><u>\$ 1,229,040</u></u>	 <u><u>\$ 1,158,773</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Accrued Vacation	15,759	16,493
Charles Schwab Liability	493	1,770
Payroll Tax Payable	315	0
Total Liabilities	<u>16,567</u>	<u>18,263</u>
Net Assets		
Unrestricted	400,360	328,397
Board Designated	812,113	812,113
Total Net Assets	<u>1,212,473</u>	<u>1,140,510</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,229,040</u></u>	 <u><u>\$ 1,158,773</u></u>

# Retired Employees Of San Diego County

## Comparative Statements of Activities

Year Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
REVENUES		
Candy Sales	\$ 5,565	\$ 5,678
Net Investment Income	44,095	44,529
Dues	477,644	476,223
General Membership Meetings	10,010	10,299
Scholarship Donations	750	750
TOTAL REVENUES	<u>538,064</u>	<u>537,479</u>
EXPENSES		
Programs	396,924	392,086
Management	68,920	69,348
Fundraising	257	1,673
Total Expenses	<u>466,101</u>	<u>463,107</u>
Other Income-Net	0	0
Changes in Net Assets	<u>71,963</u>	<u>74,372</u>
Net Assets, Beginning of Year	1,140,510	1,074,326
Prior Period Adjustment	0	(8,188)
Net Assets, End of Year	<u><u>\$ 1,212,473</u></u>	<u><u>\$ 1,140,510</u></u>

# Retired Employees Of San Diego County

## Comparative Statements Of Cash Flows

Year Ended December 31, 2024 and 2023

OPERATING ACTIVITIES	2024	2023
Change in Net Assets	\$ <u>71,963</u>	\$ <u>74,372</u>
Adjustments:		
Depreciation	1,287	1,260
Prior period adjustment	(500)	(8,188)
(Increase) decrease in operating assets:		
Prepaid expenses	492	289
Increase (decrease) in operating liabilities:		
Accrued vacation	(734)	16,493
Accounts payable-Charles Schwab	(1,277)	918
Payroll tax payable	315	0
Total Adjustments	(417)	10,772
Net cash provided by operating activities	71,546	85,144
INVESTING ACTIVITIES		
Fixed assets purchased	0	(2,277)
Net cash provided by investing activities	0	(2,277)
FINANCING ACTIVITIES		
Board Designated Net Assets	0	0
Unrestricted Net Assets	0	0
Net cash provided by financing activities	0	0
Net cash increase for period	71,546	82,867
Cash & Cash Equivalents Beg. of Yr.	\$ 1,148,448	\$ 1,065,581
Cash & Cash Equivalents End of Yr.	\$ 1,219,994	\$ 1,148,448
SUPPLEMENTAL DISCLOSURE		
Income Taxes Paid	\$ 0	\$ 0

## Retired Employees Of San Diego County

### Comparative Statements Of Functional Expenses

Year Ended December 31, 2024 and 2023

Expenses	2024			2023	
	Program(s)	Management	Fundraising	Total	Total
Salaries & Compensation	\$ 169,656	\$ 42,414	\$ 0	\$ 212,070	\$ 222,432
Simple IRA Accruals	2,883	721	0	3,604	4,815
Payroll Taxes	14,037	3,509	0	17,546	16,104
Payroll Preparation Fees	3,477	869	0	4,346	2,995
Benefits	6,374	1,593	0	7,967	2,959
Accounting	7,005	1,751	0	8,756	5,583
Office Expenses	1,653	415	257	2,325	2,322
Information Tech. Expenses	7,800	1,950	0	9,750	11,519
Recruitment	0	0	0	0	1,673
Conference/Meeting Expenses	3,151	788	0	3,939	6,938
Depreciation Expense	0	1,287	0	1,287	1,260
Dues-Associations	4,690	300	0	4,990	4,456
Copier Lease	765	191	0	956	949
Insurance	4,634	1,158	0	5,792	5,154
Network Newsletter Costs	76,065	0	0	76,065	72,046
Postage	804	201	0	1,005	2,159
Business Expenses	0	1,868	0	1,868	1,581
Travel Expenses	0	813	0	813	513
Program Expenses	57,561	0	0	57,561	53,120
Rent	31,892	7,973	0	39,865	39,123
Telephone/Internet	3,446	861	0	4,307	4,250
Utilities	1,031	258	0	1,289	1,156
<b>Total Expenses</b>	<b>\$ 396,924</b>	<b>\$ 68,920</b>	<b>257 \$</b>	<b>\$ 466,101</b>	<b>\$ 463,107</b>

# **Retired Employees Of San Diego County**

## Notes to Financial Statements

### **NOTE 1: Nature of Business and Summary of Significant Accounting Policies**

#### **Nature of Business:**

The Retired Employees Of San Diego County (RESDC) was incorporated under the General Corporation Law of the State of California and was reclassified as a tax exempt non-profit local association of employees in May 7, 1971 under IRS Code Section 501(c) 4. RESDC presently has over 8,100 members and represents all San Diego County retirees, ensuring their current retirement benefits are protected and obtaining new benefits when justified.

**Summary of the Corporation's Significant Accounting Policies are as follows:**

#### **Basis of Accounting:**

The accompanying financial statements have been prepared in accordance with the accrual basis of accounting. The accounts of the corporation are maintained in accordance with generally accepted accounting principles. Under the accrual method basis of accounting, determining net income means recognizing revenues when earned rather than when cash is received, and expenses are recognized when incurred rather than when paid.

#### **Net Assets:**

The financial statements report net assets and changes in net assets into two classes - Board Designated Net Assets (**\$812,113** ) and Unrestricted Net Assets (**\$400,360** ). Presently there are no other restrictions on the use of these net assets of the organization other than to support ongoing programs and operations.

#### **Cash and Cash Equivalents:**

For purposes of reporting cash and cash equivalents, the corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

#### **Investments:**

Investments are predominantly made in certificates of deposit (48%) and marketable trading securities (52%), which are recorded either at the cost of purchase or at fair market value on the date of investment. Subsequent increases or decreases in the market value of the trading securities are recorded as unrealized gains/losses in the statement of activities and the carrying amount of the investment is also either increased or decreased as applicable.

# Retired Employees Of San Diego County

## Notes to Financial Statements

### Marketable Securities:

RESDC has adopted the provisions of the Statement of Financial Accounting Standards No.124, "Accounting for Certain Investments Held by Not-for-Profit Organizations" (Statement No.124). Under the provisions of Statement No.124, investments in equity securities with readily determinable fair values, and all debt securities should be reported at fair value with gains and losses included in the statement of activities. The fair market values of RESDC's investments are determined based on third-party sources.

### Fair Value Measurements:

RESDC reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value: This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

**Level 1.** Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

**Level 2.** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the assets or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

**Level 3.** Unobservable inputs for assets or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, RESDC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for many of the assets and liabilities that RESDC is required to measure at fair value (e.g., unconditional promises to give and in-kind contributions).

The primary uses of fair value measures in RESDC's financial statements are:

- Initial measurement of noncash gifts, including gifts of investments assets and unconditional promises to give and
- Recurring measurement of endowment investments.

# Retired Employees Of San Diego County

## Notes to Financial Statements

### Property and Equipment:

Property and equipment are recorded at cost for purchased assets and fair market value at the date of acquisition for donated assets. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the period was \$1,287 .

### Use of Estimates:

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

### New Accounting Pronouncement:

On August, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities -Presentation of Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information and liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. RESDC has adjusted the presentation of these statements accordingly. The presentation requirement has been applied retrospectively to all periods to all periods presented.

### Economic Concentrations:

For the year ended December 31, 2024, approximately 100% of RESDC's revenues were generated through non-tax deductible membership dues paid by San Diego County retirees. Management is not aware of the existence of any severe or substantial membership reductions pending due to the described concentrations of economic risk.

### NOTE 2: Availability and Liquidity

The following represents RESDC's financial assets at December 31, 2024:

<u>Financial assets at year end:</u>	<u>2024</u>
Cash in Accounts and Short-Term CD's	\$ 447,169
Long-Term CDs	367,922
Investments in Trading Securities	404,903
Total	<u>\$ 1,219,994</u>
Less amounts not available to be used within one year	(367,922)
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 852,072</u></u>

# Retired Employees Of San Diego County

Notes to Financial Statements - continued

## NOTE 3: Commitments and Contingencies

RESDC currently receives approximately 100% of its funding from San Diego County retirees. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on RESDC's ongoing programs and activities.

## NOTE 4: Lease Commitments

The total rent expense incurred totaled \$39,865 and \$39,123 for years ended December 31, 2024 and 2023 respectively.

For years subsequent to 2024, the minimum annual future rental commitments under the lease agreement are as follows:

<u>Year end December 31,</u>	<u>Rental Expense</u>
2025	\$ 38,030
2026	\$ 38,937
2027	\$ 40,105
2028	\$ 41,308
2029	\$ 42,617
Thereafter	\$ 7,126
Total Undiscounted Payments	<u>\$ 208,123</u>

The current year lease expires February 28, 2025. RESDC's management signed a lease agreement at a new location effective March 1, 2025. The term is for sixty months through February 28, 2030.

## NOTE 5: Income Tax Status

As previously stated, RESDC is classified as a Social Welfare Organization by the Internal Revenue Service under code section 501(c) 4. Additionally, on April 20, 1970 the Franchise Tax Board classified it as a Social Welfare Organization under code section 23701 (f).

## NOTE 6: Date of Management Review:

In preparing the reviewed financial statements, RESDC's management has evaluated events and transactions for possible recognition or disclosure through September 25, 2025, the date the financial statements were available to be issued.

SERIES OF FINDINGS AND/OR RECOMMENDATIONS

# JOSE M. MEJARES, CPA

Certified Public Accountant, Masters of Science in Systems Management

(858) 622-9262, voice • (858) 242-4897, fax

PO Box 12022, La Jolla, CA 92039

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September 25, 2025

Board of Directors

**Retired Employees Of San Diego County**

3760 Convoy Street, #118

San Diego, CA 92111

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of RESDC's financial statements will not be prevented or detected and corrected on a timely basis. I did not identify any deficiencies in internal control that I consider to be material weaknesses.

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. I consider the following deficiencies in RESDC's internal control to be significant weaknesses.

**Incorrect Time Off Accrual Report - By Employee:**

Upon review of "Time Off Accrual Report - By Employee" I noted Steve Fisher, Executive Director not included on the report as of December 31, 2024. The report is prepared by Paychex, external payroll service provider. I recommend the board and/or finance committee review on a quarterly basis, the propriety of the report ascertaining it is in compliance with Employee Handbook. Additionally, I recommend this action be reflected on the board of directors meeting minutes.

**Insufficient Breakout of LPL Investments on Balance Sheet:**

Upon review of Balance Sheet LPL Financial as of December 31, 2024, I noted the Balance Sheet shows one line for LPL Investments Held in the amount of \$580,665.20. However, the LPL Investments report as of December 31, 2024 indicate two pieces namely Insured Cash, Mutual Fund and ETF's, respectively. I recommend the Balance Sheet show two line items namely LPL Investments Held for \$404,903.30 and Insured Cash for \$175,761.90.

**Incorrect Maturity Dates for Certificate of Deposits on Balance Sheet:**

Upon review of Balance Sheet as of December 31, 2024, I noted maturity dates for two CD's that were incorrect. Specifically, the MFCU, CD for \$148,471.34 and NICU, CD for \$163,116.13 should show maturity dates of July 2, 2025 and February 13, 2025. I recommend the board and/or finance committee review Balance Sheet on a quarterly basis noting propriety of maturity dates on Balance Sheet.

**Employee Handbook Breakout for Vacation Accrual:**

Upon review of Employee Handbook, Section XIII, Leave Benefits and Other Work Policies, vacation accrual is part of Holidays section. I recommend vacation accrual have its own section and not be part of Holidays.

**Profit and Loss Comparison, Realized Gains (Losses) - LPL, not in Agreement to December 31, 2024 LPL Statement:**

On the December 31, 2024 P&L there is a line item titled "Realized Gains (Losses) - LPL in the amount of \$12,788.24 however, the related LPL Financial statement for Q42024 shows "Realized YTD" in the amount of \$3,460.42 or a difference of \$9,327.82. The difference is immaterial for review purposes. I recommend the board and/or finance committee review on a quarterly basis, the propriety of the line item on the P&L in comparison to LPL Financial statement.

This communication is intended solely for the information and use of management, the governing board of **Retired Employees Of San Diego County**, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

**Financial Considerations:**

RESDC has fixed assets capitalized on the balance sheet at its office. A Depreciation Detail Listing (DDL) report found with its federal tax form 990 shows in detail these items. Consequently, I recommend that it conduct a physical inventory of fixed assets matching the physical item to the related line item on the DDL at least on a quarterly basis. Additionally, a physical fixed asset tag may be affixed to the item relating to the DDL report minimizing issues when conducting a physical inventory.

It has been a pleasure working with management and external accountant of Retired Employees Of San Diego County. Thank you for the opportunity to be of service.

Sincerely,

Jose M. Mejares, CPA

