



California Residential Mitigation Program

A Joint Powers Authority

Date of Notice: Friday, August 15, 2025

PUBLIC NOTICE

A PUBLIC MEETING OF THE GOVERNING BOARD OF THE CALIFORNIA RESIDENTIAL MITIGATION PROGRAM

NOTICE IS HEREBY GIVEN that the Governing Board of the **California Residential Mitigation Program (CRMP)** will hold an open, teleconferenced meeting in Sacramento, California pursuant to Government Code section 11123.2. Members of the public may attend using the Microsoft Teams link, the dial-in number, or in-person at the teleconference location, each of which is provided below. A majority of the members of the board will be physically present at the teleconference location provided below in accordance with Gov. Code section 11123.2(j). The Bagley-Keene Open Meeting Act applies generally to meetings of the board, and the meeting is open to the public—public participation, comments, and questions will be welcome for each agenda item. All items are appropriate for action if the governing board wishes to take action. Agenda items may be taken out of order.

TELECONFERENCE LOCATION:

**California Earthquake Authority
400 Capitol Mall
Suite 1200
Sacramento, CA 95814**

DATE: Tuesday, August 26, 2025

TIME: 1:00 p.m.

TEAMS ACCESS TO MEETING: *

By Computer (Open the Microsoft Teams App, or navigate to [Join a Microsoft Teams Meeting by ID | Microsoft Teams](#)):

Enter Meeting ID: 266 712 232 875 0

Passcode: WJ3Qe94K

Direct Link: [Join the meeting now](#)

Dial-in-Number: +1 323-886-4439 United States, Los Angeles (Toll)
Enter Conference ID Number: 796 550 897#

Public Participation: The telephone lines of members of the public who dial into the meeting to observe and comment will initially be muted to prevent background noise from disrupting the meeting. Public phone lines will be unmuted during all portions of the meeting that are appropriate for public comment, to allow members of the public to comment. Please see additional instructions below regarding Public Participation Procedures.

*CRMP may be unable to control unforeseen technical difficulties of the platform's audio feed of this meeting; if such technical difficulties occur, CRMP will take reasonable actions to resolve the technical difficulties to avoid disruption to public participation in the future. When required, CRMP will adjourn the meeting in accordance with Gov. Code section 11123.2(o).

PUBLIC PARTICIPATION PROCEDURES: All members of the public shall have the right to observe the meeting and offer comment during this meeting as outlined below. The acting Chair of the Governing Board will indicate when a portion of the meeting is to be opened for public comment. As indicated below, please register in order to provide comment. When it is your turn to comment, unmute your line, introduce yourself and proceed with your comment. The Chair of the meeting reserves the right to limit the time for comment. Members of the public should be prepared to complete their comments within approximately three (3) minutes, but more or less time may be allotted by the Chair.

- **If you wish to provide a public comment, please register with Maura White via email at mwhite@calquake.com at least one hour prior to the start of the meeting to ensure your participation.**
 - Any submitted email requesting to speak during public comment should include reference in the subject line of the email referencing this meeting, and the body of the email should specify if the comment is or is not regarding a specific agenda item.

ACCESSIBILITY ACCOMMODATIONS: Pursuant to the Americans with Disabilities Act, persons who need assistance in order to participate in this meeting should, prior to the meeting, contact Maura White via email at mwhite@calquake.com. We would appreciate hearing from you at least five (5) days before the meeting date to best allow us to meet your needs.

AGENDA:

1. Call to order and member roll call:

Lori Nezhura, Chair; Deputy Director, Cal OES

George Sittner, Vice Chair; Chief Insurance and Claims Officer, CEA

Eric Swanson, CRMP Board Member; Deputy Director of Finance and Administration, Cal OES

Tracy Palombo, CRMP Board Member; Reinsurance and Risk-Transfer Director, CEA

Establishment of a quorum

2. Consideration and approval of the minutes of the May 27, 2025, CRMP Governing Board meeting.
3. CRMP independent auditors, Plante Moran, PLLC, will present the Report of Audit on CRMP Annual Financial Statements (2024) and Single Audit (2024).
4. CRMP Treasurer Benjamin Kirwan will review the CRMP financial statements as of June 30, 2025.
5. CRMP Executive Director Janiele Maffei will present her executive report.

6. CRMP Managing Director Stephanie Stephens will present the CRMP Mitigation update.
7. Public comment on items that do not appear on this agenda and public requests that those matters be placed on a future agenda.
8. Adjournment.

Inquiries/General Information:

Maura White

mwhite@calquake.com

To view this notice on the CRMP website, please visit <https://www.crmp.org/about-us/public-meetings>

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Persons with disabilities may request special accommodations at this or any future CRMP Governing Board meeting or may request the accommodation necessary to receive agendas or materials prepared for its board meetings.

Please contact Maura White by email at mwhite@calquake.com. We would appreciate hearing from you at least five days before the meeting date to best allow us to meet your needs.

NOTE: You might have received this notice because your name, or that of your organization, appears on a public-notice list maintained by the California Earthquake Authority. If, in the future, you do not wish to receive public notices pertaining to the California Residential Mitigation Program, please send your request by email to info@californiaresidentialmitigationprogram.com.

CRMP Governing Board Memorandum

August 26, 2025

Agenda Item 2: Consideration and Approval of Board Minutes

Recommended Action: Review and approve Board minutes

Background:

Approval of Board minutes from May 27, 2025.

Recommendation:

Staff recommends approval of the Board teleconference minutes from May 27, 2025.



Draft Meeting Minutes
are not available.

Please see CRMP Governing
Board Meeting
Approved Minutes.

CRMP Governing Board Memorandum

August 26, 2025

Agenda Item 3: Independent Financial Auditor, Plante Moran PLLC,
Presentation of Results of 2024 Financial Audit

Recommended Action: No action required – information only

Background:

Plante Moran, PLLC California Residential Mitigation Program’s independent auditors, has performed an audit of CRMP’s financial statements for the year ended December 31, 2024.

- The independent auditor conducted an audit of CRMP’s financial statements with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

The 2024 CRMP Audit Report that contains financial statements prepared in accordance with accounting principles generally accepted in the United States of America are found in Attachment A and consist of the following:

- Independent Auditor’s Report
- Management’s Discussion and Analysis (MD&A)
- Audited Financial Statements and accompanying notes
- Supplementary Information

Plante Moran also performed a Single Audit of CRMP’s federal awards for the year ended December 31, 2024. The Single Audit consists of the following:

- Independent Auditor’s Report
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questions Costs

Analysis:

According to the Independent Auditor's Report, CRMP's 2024 audited financial statements present fairly, in all material respects, the financial position of CRMP, in conformity with accounting principles generally accepted in the United States of America.

According to the Single Audit Report, CRMP complied with compliance requirements for each major federal program, and there were no findings or questioned costs, reported in the Schedule of Findings and Questioned Costs.

Recommendation:

No action required – information only.

California Residential Mitigation Program

**Financial Report
with Supplementary Information
December 31, 2024**

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Independent Auditor's Report

To the Governing Board
California Residential Mitigation Program

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of the California Residential Mitigation Program (CRMP) as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise CRMP's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of CRMP as of December 31, 2024 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. 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 CRMP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 CRMP's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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.

To the Governing Board
California Residential Mitigation Program

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 CRMP'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 CRMP'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, 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, which 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 auditing standards generally accepted in the United States of America, 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 June 24, 2025 on our consideration of CRMP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 CRMP'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 CRMP's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 24, 2025

California Residential Mitigation Program

Management's Discussion and Analysis

History

This discussion provides an assessment by management of the financial position, revenue, expenses, changes in net position, and budget of the California Residential Mitigation Program (CRMP). Readers are encouraged to consider the information presented in conjunction with the financial statements as a whole, including the notes, which follow the management's discussion and analysis.

In August 2011, the Governor's Office of Emergency Services (Cal OES) and the California Earthquake Authority (CEA) entered into a joint exercise of powers agreement to create the California Residential Mitigation Program to carry out a joint mitigation program. Both Cal OES and CEA are authorized to assist California dwelling owners who wish to retrofit their dwellings to protect against earthquake damage. CRMP is a legally separate entity from its members. It has a governing board consisting of two members appointed by CEA and two members appointed by Cal OES.

Management Team

Overall responsibility for operations has been delegated by the governing board to the executive director. The governing board has adopted a procurement guideline and contracting manual and an expenditures procedures manual. CRMP may employ or contract for staff and consultants, as required, to administer the program and will contract with private sector organizations for the services described below.

Program Funding

Funding for CRMP will be provided by voluntary advances, contributions, or grants. It is expected that funds will be released to CRMP in increments as needed by CRMP.

The governing board will be asked to approve funding to support programs designed to encourage dwelling owners to participate in retrofitting activities.

CRMP Focus

CRMP will primarily focus its effort on the following:

- a. Educating dwelling owners about their options to structurally strengthen their dwellings
- b. Informing dwelling owners about any funding that is available to encourage participation in CRMP programs
- c. Making available an application for dwelling owners who want to participate in CRMP programs
- d. Educating contractors about CRMP programs
- e. Educating building inspection authorities about CRMP programs
- f. Informing, and productively working with, all interested parties about CRMP programs

Earthquake Brace + Bolt - Funds to Strengthen Your Foundation

The Earthquake Brace + Bolt (EBB) program was developed to help homeowners lessen the potential for damage to their houses during an earthquake by offering up to \$3,000 toward the cost of a seismic retrofit. Income-eligible homeowners can receive a supplemental grant up to an additional \$7,000 toward the cost of this code-compliant retrofit. Supplemental grant recipients must have a household annual income at or below 80 percent of the median household income in California. The EBB program only provides grants for code-compliant retrofits that help prevent a home with a raised foundation or crawl space beneath the ground floor from sliding or toppling off its foundation during an earthquake. Although new home construction in California has benefitted from seismic building codes for many years, the availability of a seismic retrofit building code for older homes has only been in existence within the last fifteen years.

California Residential Mitigation Program

Management's Discussion and Analysis (Continued)

Before that code came into effect in California, residential retrofits of older homes were often incomplete and not based on a uniform best-practice. The consequences of an improper retrofit can be devastating, since the crawl space may still be vulnerable to collapse, potentially causing the home to slide off its foundation. The 2010 adoption of Chapter A3 into the California Building Code provided the first uniform guidelines for a quality, science-based retrofit for existing houses. EBB relies on Chapter A3 as its guidepost, offering cash grants only for these code-compliant seismic retrofits. The EBB retrofit involves bolting the house to its foundation and adding bracing of short, wood-framed walls (if present) around the perimeter of the crawl space.

CRMP also offers the Earthquake Soft-Story (ESS) Program. The ESS program offers seismic retrofit grants to homeowners that have a living space above the garage, also called a "soft story." This retrofit makes these homes more resistant to earthquake damage caused by ground shaking. The ESS program offers grants that cover up to 75 percent of the cost of the retrofit, up to a maximum grant amount of \$13,000.

Using This Report

CRMP's financial statements for the year ended December 31, 2024 have been prepared using accounting standards applicable to governmental entities. This financial report consists of financial statements with accompanying notes. The government-wide statements consist of a statement of net position and statement of activities, which are reported using an economic resources measurement focus and the accrual basis of accounting. The fund financial statements consist of a balance sheet and statement of revenue, expenditures, and changes in fund balance, which are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Government-wide Overall Financial Analysis

CRMP's assets, liabilities, and net position as of December 31 are as follows:

	2024	2023
Assets		
Current and other assets:		
Cash	\$ 4,685,859	\$ 4,188,399
Receivables - Due from other governments	10,903,720	7,786,853
Total assets	15,589,579	11,975,252
Liabilities - Current	698,570	617,898
Net Position - Unrestricted	\$ 14,891,009	\$ 11,357,354

Asset, Liabilities, and Net Position

Total assets increased by \$3,614,327 (30 percent) in 2024, driven by \$4 million in total contributions by the CEA Mitigation Fund to CRMP, for cash flow purposes. Since all current funding for EBB is reimbursement based, and additional incentives are being paid every week, there will always be timing differences between cash outlays and the associated cash receipts for reimbursements, so occasionally it is necessary for CEA Mitigation Fund to make additional contributions to CRMP. Total liabilities increased by \$80,672 (13 percent) between 2024 and 2023, which is driven by an increase in the accounts payable associated with FEMA activity. Total net position increased by \$3,533,655 (31 percent) in 2024. This increase is due to a contribution to CRMP of \$4,000,000 in 2024.

California Residential Mitigation Program

Management's Discussion and Analysis (Continued)

Statement of Activities

CRMP's program revenue and expenses, general revenue, and net position for the years ended December 31 are as follows:

	2024	2023
Revenue		
Program revenue - Contributions from other governments	\$ 19,827,952	\$ 15,667,505
General revenue - Contributions from a member	4,000,000	5,000,000
Total revenue	23,827,952	20,667,505
Expenses		
Administration and office expenses	16,000	29
Audit services	66,000	65,500
Board meeting	1,475	2,215
Consumer incentives	19,282,592	15,342,061
Information technology	49,735	86,094
Inspection services	209,440	199,359
Insurance	86,477	55,822
Legal services	47,780	46,946
Marketing services	500,306	396,206
Telecommunications	8,716	8,439
Income verification	25,776	21,007
Total expenses	20,294,297	16,223,678
Change in Net Position	3,533,655	4,443,827
Net Position - Beginning of year	11,357,354	6,913,527
Net Position - End of year	\$ 14,891,009	\$ 11,357,354

Program Expenses, General Revenue, and Net Position

Total program revenue comes from grants received from FEMA to cover consumer incentives payments. The grants are received on a reimbursement basis, and the 2024 revenue represents the consumer incentives processed for the FEMA programs. Revenue totaling \$19,481,782 was for FEMA grant 4308, and \$346,170 was for FEMA grant 4407.

There were \$4,000,000 in contributions made by CEA in 2024.

Total program expenses increased by \$4,070,619 (25 percent) in 2024. This increase is driven by changes to FEMA funding; the timing of when programs begin and end and the size of such programs will impact the expenses each year.

Budget Analysis

CRMP's original and final budget had expenditures of \$28,883,250.

Actual total expenditures for 2024 were \$20,294,297 compared to the final budget of \$28,883,250 for a positive variance of \$8,588,953. Consumer incentives for the Earthquake Brace + Bolt program had a final budget of \$27,710,000; actual expenditures were \$19,282,592. This positive variance of \$8,427,408 was due to the lower than anticipated number of retrofits completed in 2024. Approximately \$1.9 million decrease in retrofits was driven by FEMA 4407 ESS, which had a much later program rollout in 2024 than originally anticipated. In addition, FEMA 4308 program expenditures were approximately \$6.1 million under budget, as this is the largest active FEMA program currently in place for CRMP and it can be difficult to predict the timing and amount of the expenditures on a year-to-year basis due to the size of the program and so many various factors at play for each retrofit.

California Residential Mitigation Program

Management's Discussion and Analysis (Continued)

Current Economic Factors and Conditions

CRMP continues to expand the Earthquake Brace + Bolt program each year, with additional zip codes generally added whenever enrollment is opened. CRMP continues to see significant interest and participation in the program. CRMP is consistently monitoring opportunities for funding beyond its members so that it can continue to grow and meet the program objectives. Driven by \$80 million in additional funding for FEMA 4308 in early 2022, it is anticipated that 2025 will continue to have significant increased activity compared to 2024, as the program continues to have increased activity each year.

Depending upon the total cost of the retrofit, a consumer may have their entire retrofit covered by CRMP. However, for those retrofits that are not covered in full, it is possible the current inflation impacting the United States in 2025 may impact the decision to move forward with a retrofit for some consumers. Additionally, although CRMP has received significant additional funding, the timing of a retrofit being completed depends upon the availability of contractors, and the volume of incentives that can be completed at one time is currently not known.

Requests for Further Information

This financial report is designed to provide a general overview of CRMP's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

California Residential Mitigation Program
400 Capitol Mall, Suite 1200
Sacramento, CA 95814

California Residential Mitigation Program

Statement of Net Position/Governmental Fund Balance Sheet

December 31, 2024

	General Fund - Modified Accrual	Adjustments	Statement of Net Position - Full Accrual
Assets			
Cash	\$ 4,685,859	\$ -	\$ 4,685,859
Receivables - Due from other governments	10,903,720	-	10,903,720
Total assets	<u>\$ 15,589,579</u>	-	15,589,579
Liabilities			
Accounts payable and accrued expenses	\$ 505,566	-	505,566
Due to other governmental units	193,004	-	193,004
Total liabilities	698,570	-	698,570
Deferred Inflows of Resources - Unavailable revenue	6,556,348	(6,556,348)	-
Fund Balance			
Fund balance - Unassigned	8,334,661	(8,334,661)	-
Total liabilities, deferred inflows, and fund balance	<u>\$ 15,589,579</u>		
Net position - Unrestricted		<u>\$ 14,891,009</u>	<u>\$ 14,891,009</u>

California Residential Mitigation Program

Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2024

	General Fund	Adjustments	Total
Revenue			
Contributions from a member	\$ 4,000,000	\$ -	\$ 4,000,000
Contributions from other governments	18,745,123	1,082,829	19,827,952
Total revenue	22,745,123	1,082,829	23,827,952
Expenditures			
Administration and office expenses	16,000	-	16,000
Audit services	66,000	-	66,000
Board meeting	1,475	-	1,475
Consumer incentives	19,282,592	-	19,282,592
Information technology	49,735	-	49,735
Inspection services	209,440	-	209,440
Insurance	86,477	-	86,477
Legal services	47,780	-	47,780
Marketing services	500,306	-	500,306
Telecommunications	8,716	-	8,716
Income verification	25,776	-	25,776
Total expenditures	20,294,297	-	20,294,297
Net Change in Fund Balance/Net Position	2,450,826	1,082,829	3,533,655
Fund Balance/Net Position - Beginning of year	5,883,835	5,473,519	11,357,354
Fund Balance/Net Position - End of year	\$ 8,334,661	\$ 6,556,348	\$ 14,891,009

December 31, 2024

Note 1 - Nature of Business

The California Residential Mitigation Program (CRMP) is a public entity established on August 16, 2011 by a Joint Exercise of Powers Agreement (JPA) between two members: California Earthquake Authority, a public instrumentality of the State of California (CEA), and the Governor's Office of Emergency Services (Cal OES). The JPA is effective until December 31, 2031 unless extended or terminated by written agreement of the members. A four-member board governs CRMP. Two board members are appointed by Cal OES and the other two are appointed by CEA.

CRMP's purpose is to supply grants and related assistance and incentives to owners of dwellings in California who wish to retrofit their homes to protect against earthquake damage. Neither member has any obligation to make advances or contributions to CRMP but may contribute or advance funds or allow CRMP to use its personnel, equipment, or property. Any advance may, but need not, be subject to repayment. Upon termination of the JPA, any money and other assets in possession of CRMP shall be returned to members in proportion to the contributions each made.

While CRMP members are instrumentalities and agencies of the State, the State of California's General Fund is not liable for CRMP expenses or other liabilities. However, CRMP meets the definition of a governmental organization, as defined by accounting principles generally accepted in the United States of America.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

CRMP follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The individual fund column presents CRMP's activities on the modified accrual basis of accounting, as discussed above, which demonstrates accountability for how the current resources have been spent. The government-wide column is presented on the economic resources measurement focus and the full accrual basis of accounting in order to measure the cost of providing government services and the extent to which constituents have paid the full cost of government services.

On the full accrual basis of accounting, revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Accounting

CRMP accounts for its various activities in one fund, the General Fund. The General Fund accounts for all financial resources used to provide general governmental services.

Basis of Accounting

The General Fund uses the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how CRMP has spent its resources.

Revenue is recognized when measurable and available to use for expenditures of the current period. Revenue is accrued as measurable and available when receipt occurs within 60 days after the end of the accounting period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

December 31, 2024

Note 2 - Significant Accounting Policies (Continued)

Nonexchange transactions, in which CRMP gives (or receives) value without directly receiving (or giving) value in exchange, include grants, entitlements, and donations. On a modified accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Cash and Cash Equivalents

CRMP considers all highly liquid assets with an original maturity of three months or less when purchased to be cash and cash equivalents.

Receivables - Due from Other Governments

CRMP receives funding from FEMA grants. The grant money is first received by Cal OES and then transferred to CEA subsequent to the approval by Cal OES of the request for reimbursement of eligible expenditures. CRMP is the subrecipient of CEA, and the money is wired to CRMP upon the receipt of funds by CEA. On a modified accrual basis, revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. The grant money is accrued as measurable and available when receipt occurs within 60 days after the end of the fiscal year.

For the fiscal year ended December 31, 2024, the grant money recognized as part of program revenue and accounts receivable was \$10,901,905.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislations of other governments when those restrictions are more restrictive than the normal activities of CRMP.

When an expense is incurred for which both restricted and unrestricted net position is available, CRMP's policy is to first apply the restricted net position before applying any of the unrestricted net position.

Fund Balance

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, CRMP uses the following fund balance classifications to describe the relative strength of spending constraints:

- **Nonspendable** - The category includes elements of the fund balance that cannot be spent because of their form (such as inventory) or because they must be maintained intact.
- **Restricted** - Amounts that are subject to external constraints that are legally enforceable restrictions, such as funding from other governments that are legally restricted for a specific use
- **Committed** - Amounts constrained to specific purposes by CRMP itself by its highest level of decision-making authority (CRMP Board). Committed amounts cannot be used for any other purpose unless CRMP Board takes the same highest-level action to remove or change the constraint.
- **Assigned** - Amounts CRMP intends to use for a specific purpose. Intent can only be expressed by formal CRMP Board action.
- **Unassigned** - Amounts that cannot be classified into any other categories

When expenditures occur that qualify for multiple fund balance types, it is CRMP policy to apply the expenditures in the following order: restricted, committed, assigned, then unassigned.

December 31, 2024

Note 2 - Significant Accounting Policies (Continued)

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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for CRMP's financial statements for the year ending December 31, 2025.

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for CRMP's financial statements for the year ending December 31, 2026.

Note 3 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the individual fund column because of the different measurement focus and basis of accounting, as discussed in Note 2. Below is a reconciliation of the differences:

Fund Balance Reported in Governmental Fund	\$ 8,334,661
Amounts reported for governmental activities in the statement of net position are different because receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the fund	<u>6,556,348</u>
Net Position of Governmental Activities	<u>\$ 14,891,009</u>

The change in net position reported in the statement of activities column is different than the change in fund balance reported in the individual fund columns because of the different measurements focus and basis of accounting, as discussed in Note 2. Below is a reconciliation of the differences:

Net Change in Fund Balance Reported in Governmental Fund	\$ 2,450,826
Amounts reported for governmental activities in the statement of activities are different because revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	<u>1,082,829</u>
Change in Net Position of Governmental Activities	<u>\$ 3,533,655</u>

Note 4 - Deposits

CRMP had total cash balance of \$4,685,859 at December 31, 2024.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, CRMP will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. CRMP has no policy that would limit the exposure to custodial credit risk for deposits. At December 31, 2024, CRMP deposits of approximately \$5.7 million were not covered by FDIC insurance.

Note 5 - Related Party Transactions

CRMP has an agreement to accept personnel, equipment, and office space from CEA. These include the services of CRMP's executive director, secretary, and treasurer. If CRMP had been autonomous, the operating results and financial position for this year would have been significantly different. In the fiscal year 2024, transfers from the CEA Mitigation Fund to CRMP totaled \$4,000,000.

As of December 31, 2024, the receivables balance of \$10,901,905 is due from Cal OES as reimbursement for the FEMA grants. The balance is paid after Cal OES has approved the request for reimbursement of eligible expenditures.

Note 6 - Concentrations of Risk

CRMP's business is dependent upon contributions and advances from members or government grant awards. Changes in contributions could significantly affect the level of CRMP's operations.

Note 7 - Risk Management

CRMP is exposed to various risks of loss: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

CRMP has insurance policies with private insurance companies for the following policies:

	Claim Limit	Policy Limit
Director and officers liability	\$ 5,000,000	\$ 5,000,000
Business liability	1,000,000	2,000,000
Information security and privacy	2,000,000	2,000,000

CRMP also has additional umbrella coverage of \$3 million. Management believes such coverage is sufficient to preclude any significant uninsured losses to CRMP. Claim amounts have not exceeded policy limits in the last three years.

Required Supplementary Information

California Residential Mitigation Program

Required Supplementary Information Budgetary Comparison Schedule

Year Ended December 31, 2024

	Original/Final Budget	Actual	Over (Under) Final Budget
Revenue			
Contributions from a member	\$ -	\$ 4,000,000	\$ 4,000,000
Contributions from other governments - Federal grants	28,012,500	19,827,952	(8,184,548)
Total revenue	28,012,500	23,827,952	(4,184,548)
Expenditures			
Administration and office expenses	8,300	16,000	7,700
Audit services	67,500	66,000	(1,500)
Board meeting	2,800	1,475	(1,325)
Consumer incentives	27,710,000	19,282,592	(8,427,408)
Information technology	89,700	49,735	(39,965)
Inspection services	280,000	209,440	(70,560)
Insurance	58,700	86,477	27,777
Legal services	100,000	47,780	(52,220)
Marketing services	550,000	500,306	(49,694)
Telecommunications	10,000	8,716	(1,284)
Travel	6,250	-	(6,250)
Income verification	-	25,776	25,776
Total expenditures	28,883,250	20,294,297	(8,588,953)
Net Change in Fund Balance / Net Position	(870,750)	3,533,655	4,404,405
Fund Balance / Net Position - Beginning of year	11,357,354	11,357,354	-
Fund Balance / Net Position - End of year	<u><u>\$ 10,486,604</u></u>	<u><u>\$ 14,891,009</u></u>	<u><u>\$ 4,404,405</u></u>

California Residential Mitigation Program

Note to Required Supplementary Information

December 31, 2024

Budget and Budgetary Information

CRMP prepares and adopts an operating budget each year. The budget is prepared on a full accrual basis and is consistent with generally accepted accounting principles. After the budget is approved, the appropriations can be added to, subtracted from, or changed only by a CRMP Board resolution.

A reconciliation of the budgetary comparison schedule to the fund-based statement of revenue, expenditures, and changes in fund balance is as follows:

Total General Fund revenue per budgetary comparison schedule	\$ 23,827,952
Unavailable revenue from prior fiscal year received in current fiscal year	5,473,519
Unavailable revenue does not provide current financial resources and, therefore, is not reported as revenue in the governmental fund	<u>(6,556,348)</u>
General Fund revenue per statement of revenue, expenditures, and changes in fund balance	<u><u>\$ 22,745,123</u></u>

CRMP Governing Board Memorandum

August 26, 2025

Agenda Item 4: Treasurer's Financial Update

Recommended Action: No Action Necessary

Background:

CRMP Treasurer, Ben Kirwan, will review the CRMP financial statements as of June 30, 2025.

Recommendation:

No action is necessary.

California Residential Mitigation Program
(CRMP)

FINANCIAL
REPORT

BOARD MEETING
Tuesday, August 26, 2025

California Residential Mitigation Program
Balance Sheet
As of June 30, 2025
Unaudited

Assets

Cash and cash equivalents	\$ 11,716,075
Accounts receivable	<u>3,343,912</u>
Total assets	<u><u>15,059,987</u></u>

Liabilities and Fund Balance

Liabilities:

Accounts payable and accrued expenses	<u>314,912</u>
Total liabilities	<u>314,912</u>

Fund Balance:

Unassigned	<u>14,745,075</u>
Total fund balance	<u>14,745,075</u>
Total liabilities and fund balance	<u><u>\$ 15,059,987</u></u>

California Residential Mitigation Program
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Six Months Ended June 30, 2025
Unaudited

Revenues:

Contributions from other governments	\$ 11,196,847
	<hr/>
Total revenues	11,196,847
	<hr/>

Expenditures:

Administration and office expenses	74
Audit fees	46,300
Board meeting expenses	403
Grants to homeowners	10,944,800
Inspection services	71,680
Insurance	47,511
Software and IT support	66,956
Legal services	39,026
Marketing services/program education	121,421
Call center	4,609
	<hr/>
Total expenditures	11,342,780
	<hr/>

Net change in fund balance	(145,933)
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Fund balance, beginning of year	14,891,008
	<hr/>

Fund balance, end of year to date	\$ 14,745,075
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California Residential Mitigation Program
Budgeted Expenditures and Actual Expenditures
2025 Budget Year
as of June 30, 2025

	2025 Actual Revenues and Expenditures	Approved 2025 Budget	Variance \$	%
Revenue				
FEMA ¹	\$ 11,196,847	\$ 16,495,000	\$ (5,298,153)	-32.12%
Contribution from Members	-	-	-	N/A
Total Revenue	\$ 11,196,847	\$ 16,495,000	\$ (5,298,153)	-32.12%
 CRMP Administration Expenses				
Administration & Office	\$ 74	\$ 4,100	\$ 4,026	98.20%
Board Services	403	2,000	1,597	79.85%
Call Center	4,609	6,500	1,891	29.09%
EBB Marketing/Program Education	121,421	550,000	428,579	77.92%
Financial Audit	46,300	67,500	21,200	31.41%
Home Inspection Services	71,680	250,000	178,320	71.33%
Insurance	47,511	95,000	47,489	49.99%
Legal Services	39,026	75,000	35,974	47.97%
Software/IT Support	66,956	109,700	42,744	38.96%
Travel	-	1,500	1,500	100.00%
Total Administration Expenses	397,980	1,161,300	763,320	65.73%
 Grants to Homeowners				
Grants to Homeowners - EBB	17,592	100,000	82,408	82.41%
Grants to Homeowners - BRIC 2021	-	500,000	500,000	100.00%
Grants to Homeowners - BRIC 2022	-	500,000	500,000	100.00%
Grants to Homeowners - FEMA 4308	10,718,786	14,000,000	3,281,214	23.44%
Grants to Homeowners - FEMA 4407 ESS	208,422	1,000,000	791,578	79.16%
Total Grants to Homeowners	10,944,800	16,100,000	5,155,200	32.02%
 Total Administrative and Grants to Homeowners	\$ 11,342,780	\$ 17,261,300	\$ 5,918,520	34.29%

¹ FEMA revenue is received on a reimbursement basis. The revenue represents the consumer incentives completed for the FEMA programs along with a portion of reimbursable administrative expenses for the FEMA programs. The FEMA revenue will be adjusted monthly to reflect the reimbursement.

CRMP Governing Board Memorandum

August 26, 2025

Agenda Item 5: Executive Report by Executive Director Janiele Maffei

Recommended Action: No action required – information only

Background:

Executive Director Janiele Maffei will provide an update on the CRMP and CEA mitigation interests and projects.

Recommendation:

No action necessary.

CRMP Governing Board Memorandum

August 26, 2025

Agenda Item 6: California Residential Mitigation Program incentive programs
(CRMP Earthquake Retrofit Programs)

Recommended Action: No action required – information only

CRMP Retrofit Programs Overview:

As of July 26th, more than 32,909 residential seismic retrofits have been completed. This is an increase of 2,179 retrofits from the previous Governing Board meeting.

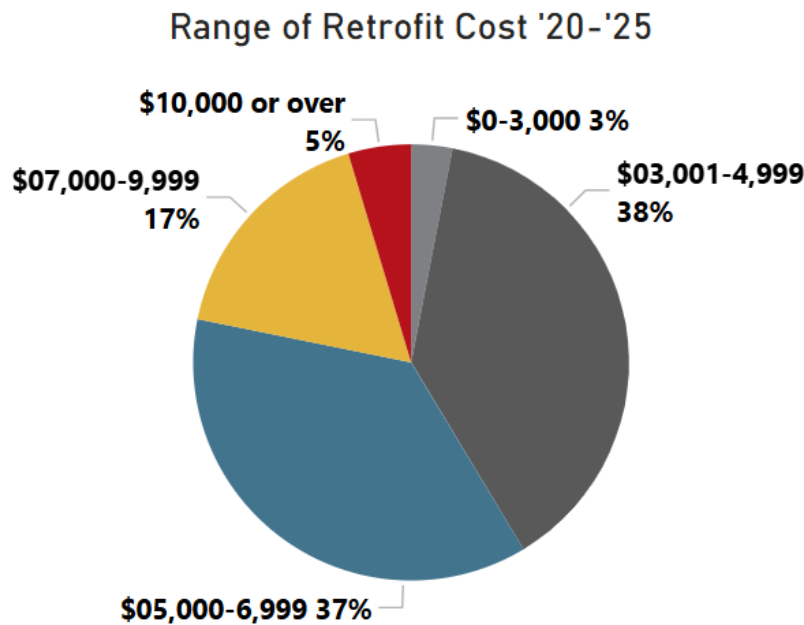
Earthquake Retrofit Programs 7/26/2025 CRMP and CEA by Program Cycle			
Program	Completed	In Progress	Status
2014-2018 EBB	7,598	N/A	Closed
FEMA Napa EBB	110	N/A	Closed
CEA BB	1,340	0	Open
CRMP 2019 EBB	628	3	Open
FEMA EBB – HMGP DR 4308, 4344, & 4407	23,181	6,868	Open
FEMA ESS – HMGP DR 4407	52	138	Open
Total	32,909	7,009	

Earthquake Brace and Bolt (EBB):

CRMP successfully registered approximately 19,000 homeowners in early 2025 for the EBB program. We began acceptance of the first February 2025 registrant group on February 6, 2025, and will continue to accept homeowners from that registration period in batches through the end of September.

CRMP has through February 2027 to expend the remaining funds from the \$86M DR-4308 EBB grant. In an effort to expend the remaining available funds prior to the period of performance expiration of this grant, CRMP has launched a second campaign to begin August 20th through October 1st. Pre-registration campaign activities to promote the opening of the program began August 13th, with a robust marketing campaign including earned media, social media, and direct mail.

The cost of EBB retrofits within specific ranges remained stable during this reporting period. For all retrofits completed, 78% cost \$6,999 or less, with the average remaining consistent at approximately \$6,143 statewide.



Earthquake Soft-Story (ESS):

As of August 12, 2025, a total of 52 retrofits have been completed and reimbursed under the HMGP DR-4407 Earthquake Soft-Story (ESS) Pilot Program – an increase of eight since the previous board meeting. An additional 138 retrofits are currently in process.

CRMP officially closed the ESS registration period, which had remained open since October 15, 2024, following the successful registration of 1,900 homeowners into the pilot initiative.

Furthermore, 52 properties have been submitted to FEMA for Environmental and Historic Preservation (EHP) review but are still awaiting formal approval. The earliest of these submissions dates back to January 2025. CRMP is actively collaborating with Cal OES and FEMA to explore strategies for expediting the EHP review process. The goal is to ensure timely approvals moving forward, enabling homeowners to begin retrofit consultations without unnecessary delays.

Future Funding Opportunities:

- **HMGP DR4683:** Submitted in 2023 for \$5M for the Earthquake Brace + Bolt (EBB) program – Approved. CRMP was notified by Cal OES on January 15, 2025, that this application was approved. Phase 1 program development has begun.
- **Rolling Application:** Submitted June 2024 for \$5M for the Earthquake Brace + Bolt (EBB) program – Waitlisted.
- **HMGP DR4769:** Notified by Cal OES on May 19, 2025, that an EBB application was submitted to FEMA for funding for \$1.7M.
- **HMGP DR4856:** CEA submitted three Notices of Interest (NOI). Applications are due to Cal OES by September 15, 2025. CEA has submitted and is in-process for the following:
 - \$5M for Earthquake Soft-Story (ESS) program – In-process
 - \$32M for Earthquake Multi-Unit Retrofit (EMR) program. This request would replace the lost Phase 2 funding from the termination of the FEMA BRIC program - Submitted
 - \$30M for Earthquake Brace + Bolt (EBB) program - Submitted

Other Items of Interest:

- On April 4, 2025, FEMA terminated the BRIC program, resulting in the loss of ~\$33M in Phase 2 funds for both EMR grants.
 - CRMP spoke in support of the Assembly Joint Resolution (AJR) 11 – a non-partisan effort to urge the United States President and Congress to restore funding to the FEMA BRIC program – on May 12, 2025.
 - California joined 19 other states in filing a lawsuit against the current administration in response to the termination of BRIC funding. On August 6, 2025, a federal judge issued a preliminary injunction, allowing the legal proceedings to move forward. In support of this effort, CRMP collaborated with the California Department of Justice (DOJ) to outline the potential impacts of the funding loss on both our program and California residents.

- CRMP has engaged with Congressman Adam Schiff's office to emphasize the significance of the Earthquake Multi-Unit Retrofit (EMR) program and to explore avenues for restoring funding.
- CRMP issued a Request for Information (RFI) on January 21, 2025, for a Residential Retrofit Program Grant Management System (GMS). The submission deadline was March 17, 2025, and yielded 3 responses. After review, CRMP will be releasing a formal Request for Proposals and Qualifications (RFP-Q) in the following few weeks, to identify a potential vendor for the requested GMS. If successful, a contract will be presented to the board following the close of the RFP-Q process for execution and award.
- Legal counsel from both CEA and Cal OES have reached consensus on the revised language for the updated JPA. Key updates include designating Cal OES and CEA as additional insureds under the existing policy and incorporating indemnification provisions to protect Cal OES and CEA members from third-party claims.
- We have formally submitted a request to Cal OES leadership to initiate an advancement of funds under the DR-4308 EBB grant. The intent is to utilize the remaining \$28M in remaining grant funding as a pilot for implementing an advanced funding methodology, which would serve as an alternative to the current reimbursement-based model.