

<p>Form 5500</p> <p>Department of the Treasury Internal Revenue Service</p> <hr/> <p>Department of Labor Employee Benefits Security Administration</p> <hr/> <p>Pension Benefit Guaranty Corporation</p>	<p>Annual Return/Report of Employee Benefit Plan</p> <p>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).</p> <p>▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	<p>OMB Nos. 1210-0110 1210-0089</p> <hr/> <p style="font-size: 24pt; font-weight: bold;">2022</p> <hr/> <p>This Form is Open to Public Inspection</p>
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Part I Annual Report Identification Information	
For calendar plan year 2022 or fiscal plan year beginning <u>07/01/2022</u> and ending <u>06/30/2023</u>	
<p>A This return/report is for:</p> <p><input type="checkbox"/> a multiemployer plan</p> <p><input checked="" type="checkbox"/> a single-employer plan</p> <p>B This return/report is:</p> <p><input type="checkbox"/> the first return/report</p> <p><input type="checkbox"/> an amended return/report</p> <p>C If the plan is a collectively-bargained plan, check here. ▶ <input type="checkbox"/></p> <p>D Check box if filing under:</p> <p><input checked="" type="checkbox"/> Form 5558</p> <p><input type="checkbox"/> special extension (enter description)</p> <p>E If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ▶ <input type="checkbox"/></p>	<p><input type="checkbox"/> a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)</p> <p><input type="checkbox"/> a DFE (specify) ____</p> <p><input checked="" type="checkbox"/> the final return/report</p> <p><input type="checkbox"/> a short plan year return/report (less than 12 months)</p> <p><input type="checkbox"/> automatic extension</p> <p><input type="checkbox"/> the DFVC program</p>

Part II Basic Plan Information —enter all requested information	
<p>1a Name of plan <u>HSTA-HSTSO RETIREMENT BENEFIT PLAN</u></p> <p>2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>HAWAII STATE TEACHERS ASSOCIATION</u></p> <p><u>C/O HAWAII BENEFIT ADMINISTRATORS</u> <u>200 N VINEYARD BLVD BLDG A STE 100</u> <u>HONOLULU, HI 96817</u></p>	<p>1b Three-digit plan number (PN) ▶ <u>001</u></p> <p>1c Effective date of plan <u>04/01/1972</u></p> <p>2b Employer Identification Number (EIN) <u>99-0145127</u></p> <p>2c Plan Sponsor's telephone number <u>808-833-2711</u></p> <p>2d Business code (see instructions) <u>611000</u></p>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	12/18/2023	JOANN OGAWA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	12/18/2023	ANDREA ESHELMAN
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2022)
v. 220413

<p>3a Plan administrator's name and address <input type="checkbox"/> Same as Plan Sponsor</p> <p>BOARD OF TRUSTEES OF HSTA-HSTSO RETIREMENT BENEFIT PLAN C/O HAWAII BENEFIT ADMINISTRATORS 200 N VINEYARD BLVD BLDG A STE 100 HONOLULU, HI 96817</p>	<p>3b Administrator's EIN 99-0344355</p> <p>3c Administrator's telephone number 808-841-7575</p>																		
<p>4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report:</p> <p>a Sponsor's name c Plan Name</p>	<p>4b EIN</p> <p>4d PN</p>																		
<p>5 Total number of participants at the beginning of the plan year</p>	<p>5 48</p>																		
<p>6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1), 6a(2), 6b, 6c, and 6d).</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:75%;">6a(1) Total number of active participants at the beginning of the plan year</td> <td style="text-align: right;">48</td> </tr> <tr> <td>6a(2) Total number of active participants at the end of the plan year</td> <td style="text-align: right;">53</td> </tr> <tr> <td>b Retired or separated participants receiving benefits</td> <td style="text-align: right;">0</td> </tr> <tr> <td>c Other retired or separated participants entitled to future benefits.....</td> <td style="text-align: right;">0</td> </tr> <tr> <td>d Subtotal. Add lines 6a(2), 6b, and 6c.....</td> <td style="text-align: right;">53</td> </tr> <tr> <td>e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.</td> <td style="text-align: right;">0</td> </tr> <tr> <td>f Total. Add lines 6d and 6e</td> <td style="text-align: right;">53</td> </tr> <tr> <td>g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....</td> <td style="text-align: right;">53</td> </tr> <tr> <td>h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....</td> <td style="text-align: right;">0</td> </tr> </table>	6a(1) Total number of active participants at the beginning of the plan year	48	6a(2) Total number of active participants at the end of the plan year	53	b Retired or separated participants receiving benefits	0	c Other retired or separated participants entitled to future benefits.....	0	d Subtotal. Add lines 6a(2) , 6b , and 6c	53	e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	0	f Total. Add lines 6d and 6e	53	g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	53	h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	0
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h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....	0																		
<p>7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)</p>	<p>7</p>																		
<p>8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2C</p> <p>b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:</p>																			
<p>9a Plan funding arrangement (check all that apply)</p> <p>(1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor</p>	<p>9b Plan benefit arrangement (check all that apply)</p> <p>(1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor</p>																		
<p>10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)</p>																			
<p>a Pension Schedules</p> <p>(1) <input type="checkbox"/> R (Retirement Plan Information)</p> <p>(2) <input type="checkbox"/> MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary</p> <p>(3) <input type="checkbox"/> SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary</p>	<p>b General Schedules</p> <p>(1) <input type="checkbox"/> H (Financial Information)</p> <p>(2) <input checked="" type="checkbox"/> I (Financial Information – Small Plan)</p> <p>(3) <input type="checkbox"/> A (Insurance Information)</p> <p>(4) <input type="checkbox"/> C (Service Provider Information)</p> <p>(5) <input type="checkbox"/> D (DFE/Participating Plan Information)</p> <p>(6) <input type="checkbox"/> G (Financial Transaction Schedules)</p>																		

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) Yes No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) Yes No

11c Enter the Receipt Confirmation Code for the 2022 Form M-1 annual report. If the plan was not required to file the 2022 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE I (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information—Small Plan This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2022 This Form is Open to Public Inspection
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For calendar plan year 2022 or fiscal plan year beginning **07/01/2022** and ending **06/30/2023**

A Name of plan HSTA-HSTSO RETIREMENT BENEFIT PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 HAWAII STATE TEACHERS ASSOCIATION	D Employer Identification Number (EIN) 99-0145127

Complete Schedule I if the plan covered fewer than 100 participants as of the beginning of the plan year. You may also complete Schedule I if you are filing as a small plan under the 80-120 participant rule (see instructions). Complete Schedule H if reporting as a large plan or DFE.

Part I Small Plan Financial Information

Report below the current value of assets and liabilities, income, expenses, transfers and changes in net assets during the plan year. Combine the value of plan assets held in more than one trust. Do not enter the value of the portion of an insurance contract that guarantees during this plan year to pay a specific dollar benefit at a future date. Include all income and expenses of the plan including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. **Round off amounts to the nearest dollar.**

		(a) Beginning of Year	(b) End of Year
1 Plan Assets and Liabilities:			
a Total plan assets	1a	4685605	5526310
b Total plan liabilities	1b	2356	
c Net plan assets (subtract line 1b from line 1a).....	1c	4683249	5526310
2 Income, Expenses, and Transfers for this Plan Year:		(a) Amount	(b) Total
a Contributions received or receivable:			
(1) Employers.....	2a(1)	421050	
(2) Participants.....	2a(2)		
(3) Others (including rollovers).....	2a(3)		
b Noncash contributions.....	2b		
c Other income.....	2c	469438	
d Total income (add lines 2a(1), 2a(2), 2a(3), 2b, and 2c).....	2d		890488
e Benefits paid (including direct rollovers).....	2e	25000	
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Administrative service providers (salaries, fees, and commissions).....	2h	18416	
i Other expenses.....	2i	4011	
j Total expenses (add lines 2e, 2f, 2g, 2h, and 2i).....	2j		47427
k Net income (loss) (subtract line 2j from line 2d).....	2k		843061
l Transfers to (from) the plan (see instructions).....	2l		

3 Specific Assets: If the plan held assets at any time during the plan year in any of the following categories, check "Yes" and enter the current value of any assets remaining in the plan as of the end of the plan year. Allocate the value of the plan's interest in a commingled trust containing the assets of more than one plan on a line-by-line basis unless the trust meets one of the specific exceptions described in the instructions.

		Yes	No	Amount
a Partnership/joint venture interests	3a		X	
b Employer real property	3b		X	
c Real estate (other than employer real property)	3c		X	
d Employer securities	3d		X	
e Participant loans.....	3e	X		96274
f Loans (other than to participants)	3f		X	
g Tangible personal property.....	3g		X	

Part II Compliance Questions

	Yes	No	Amount
4 During the plan year:			
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a	X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of plan year or classified during the year as uncollectible? Disregard participant loans secured by the participant's account balance.	4b	X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible?	4c	X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a.)	4d	X	
e Was the plan covered by a fidelity bond?	4e	X	500000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f	X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g	X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....	4h	X	
i Did the plan at any time hold 20% or more of its assets in any single security, debt, mortgage, parcel of real estate, or partnership/joint venture interest?	4i	X	
j Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4j	X	
k Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? If "No," attach an IQPA's report or 2520.104-50 statement. (See instructions on waiver eligibility and conditions.)	4k	X	
l Has the plan failed to provide any benefit when due under the plan?	4l	X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....	4m	X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3	4n	X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... Yes No
 If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
HSTA RETIREMENT PLAN	99-0145127	002

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) Yes No Not determined
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

HSTA - HSTSO Retirement Benefit Plan

Financial Statements
with Independent Auditor's Report
For the Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
HSTA - HSTSO Retirement Benefit Plan

Opinion

We have audited the accompanying financial statements of HSTA - HSTSO Retirement Benefit Plan, an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of net assets available for benefits as of June 30, 2023 and 2022, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of HSTA – HSTSO Retirement Benefit Plan as of June 30, 2023 and 2022, and the changes in its net assets available for benefits for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HSTA – HSTSO Retirement Benefit Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 HSTA – HSTSO Retirement Benefit Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of Management for the Financial Statements (Continued)

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants to determine the benefits due or which may become due to such participants.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HSTA – HSTSO Retirement Benefit Plan'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 HSTA – HSTSO Retirement Benefit Plan'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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Supplemental Schedule Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule of General and Administrative Expenses is presented for the purpose of additional analysis and are not a required part of the financial statements but are supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the ERISA. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards.

In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

A handwritten signature in blue ink that reads "MC Group Hawaii Inc." The signature is written in a cursive, flowing style.

March 25, 2024
Honolulu, Hawaii

HSTA - HSTSO RETIREMENT BENEFIT PLAN

Statements of Net Assets Available for Benefits June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Investments, at fair value	\$ 5,430,036	\$ 4,557,876
Notes receivable from participants	96,274	127,729
	<u>5,526,310</u>	<u>4,685,605</u>
Liabilities		
Accounts payable	-	2,356
	<u>-</u>	<u>2,356</u>
Net assets available for benefits	<u>\$ 5,526,310</u>	<u>\$ 4,683,249</u>

See accompanying notes to financial statements.

HSTA - HSTSO RETIREMENT BENEFIT PLAN

Statements of Changes in Net Assets Available for Benefits Years Ended June 30, 2023 and 2022

	2023	2022
Additions		
Investment income:		
Net appreciation (depreciation) in fair value of investments	\$ 463,759	\$ (651,683)
Interest	5,679	5,591
	469,438	(646,092)
Employer contributions	421,050	383,432
Total additions	890,488	(262,660)
Deductions		
Benefits paid to participants	25,000	1,352,672
General and administrative expenses	22,427	22,633
Total deductions	47,427	1,375,305
Net increase (decrease)	843,061	(1,637,965)
Net assets available for benefits		
Beginning of year	4,683,249	6,321,214
End of year	\$ 5,526,310	\$ 4,683,249

See accompanying notes to financial statements.

HSTA - HSTSO RETIREMENT BENEFIT PLAN

Notes to Financial Statements
Years Ended June 30, 2023 and 2022

1. DESCRIPTION OF THE PLAN

The following description of the HSTA - HSTSO Retirement Benefit Plan (the "Plan") is provided for general information purpose only. Participants should refer to the Plan agreement for more complete information.

a. General

An Agreement and Declaration of Trust establishing the HSTA - HSTSO Retirement Benefit Plan was made between the employer, Hawaii State Teachers Association (HSTA) and their staff employees, the Hawaii State Teachers Staff Organization (HSTSO) on June 2, 1973. Contributions in the plan were made retroactive to April 1, 1972. The plan is a defined contribution, single-employer plan, subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

b. Contributions

From September 1, 1993 to September 26, 1994 the employer was required to make monthly contributions to the plan at a rate of 12% of the gross wages for each participant.

Effective September 27, 1994 the employer is required to make monthly contributions to the plan at a rate of 14% of the gross wages for each participant. Member Benefit Corporation terminated participation in the Plan effective April 1, 2004.

c. Participants Accounts

Each participant's account is credited with the participant's contribution and an allocation of (a) the employer's contribution, and (b) the net investment income. All net investment income is allocated on a pro-rata basis to the participants' accounts. Allocations are based on participants' account balances as of the last valuation date. The benefit to which participants are entitled is the benefit that can be provided from the respective participant's account, in accordance with plan rules and regulations. Effective July 1, 2004, participants are able to direct the investment of their individual participant account among the various investment options offered by the Plan via the contract between the Trustees and Ascensus, the Plan's third-party administrator.

d. Funding Policy

All benefits of the Plan are presently financed through contributions by the employer and earnings thereon. The minimum funding requirements of ERISA have been satisfied for the plan years ended June 30, 2023 and 2022.

e. Vesting

Contributions received on behalf of the participant are credited to the participant's individual account. A participant's accumulated shares attributable to both Employee and Employer contributions shall be non-forfeitable at all times.

HSTA - HSTSO RETIREMENT BENEFIT PLAN

Notes to Financial Statements
Years Ended June 30, 2023 and 2022

1. DESCRIPTION OF THE PLAN (CONTINUED)

f. Payment of Benefits

A participant may retire at any time after age 55 and may request the trustees, at their discretion, to pay his or her accumulated share under any of the following forms.

- 1) The purchase of an annuity option currently offered by the plan.
- 2) One lump-sum settlement.
- 3) Payments in equal installments in accordance with provisions set forth in the plan.

In the event a participant dies or is totally disabled before retirement, the participants entire accumulated share is paid to the participant's beneficiary in a lump-sum or such other manner as provided in the plan.

Upon the voluntary termination of a participant, or upon termination of employment other than retirement, death or disability, the participant's accumulated share may be paid in such manner as provided in the plan.

The plan was amended effective July 1, 1995 whereby on or after July 1, 1995, a participant may voluntarily terminate his or her participation while remaining an employee only with respect to that portion of his or her participant account attributable to his or her service that was earned prior to July 1, 1995. Upon such a voluntary termination of participation, he or she shall be barred from re-participation for a period of one year from the date of voluntary termination.

Upon an employee's voluntary termination of participation while remaining an employee or upon the termination of employment other than by retirement, death or disability, such participant may elect to receive distribution of the applicable portion of his or her participant account. With respect to voluntary termination of participation, the applicable portion of his or her participant account shall be that portion of the account that is attributable to service earned prior to July 1, 1995 while the applicable portion of the participant account with respect to terminations of employment shall be the entire participant account.

The plan was amended effective September 1, 2017 whereby an Employee who has attained Normal Retirement Age (age 62), but has not retired, may request the Trustees to pay him a Normal Retirement Age Distribution (In-service Distribution at or over Age 62). Such distributions shall be limited to one distribution per calendar year, must be at least \$5,000 in value and cannot exceed the Employee's Accumulated Share at the time of the distribution.

HSTA - HSTSO RETIREMENT BENEFIT PLAN

Notes to Financial Statements
Years Ended June 30, 2023 and 2022

1. DESCRIPTION OF THE PLAN (CONTINUED)

g. Loan Provisions

Upon application of any participant, the Trustees, at their discretion, may approve a participant loan to that participant, subject to the fulfillment of spousal consent, if applicable, and such other requirements as detailed in the plan provisions. Participants may borrow from their funds up to a maximum equal to the lesser of \$50,000 or 50 percent of their account balance. The loans are secured by the balance in the participant's account, the interest rate of the loan shall be equal to the interest rate charged by Ascensus (Prime Rate plus 1%). The rate is determined as of the date of the loan application.

Loan terms range up to 60 months (five years) unless such loan is to be used for the purchase of a principal residence of the participant. On homeowner loans for the purchase of the principal residence of the participant, a term of up to 10 years will be allowed on loan amounts of \$10,000 or more and a term of up to 5 years will be allowed on loan amounts of less than \$10,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

b. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

c. Investment Valuation

Investments in mutual funds are stated at fair value based on quoted market prices. Participant loans are stated at cost which approximate fair value. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

d. Revenue Recognition

The plan has analyzed the provisions of the Financial Accounting Standards Board's (FASB) Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the standard.

HSTA - HSTSO RETIREMENT BENEFIT PLAN

Notes to Financial Statements
Years Ended June 30, 2023 and 2022

3. INVESTMENTS

During 2023 and 2022, the Plan's investments (including investments bought, sold as well as held during the year) appreciated (depreciated) in value by \$463,759 and (\$651,683).

4. PARTICIPANT LOANS

The Plan had participant loans at June 30, 2023 and 2022 totaling \$96,274 and \$127,729, respectively. The loan terms range from five to ten years and mature from September 2023 to November 2029. The loan repayments are made through payroll deductions in semi-monthly payments ranging from \$71 to \$367 at interest rates varying from 4.25% to 8.50%.

5. PLAN TERMINATION

In the event the Plan terminates, the net assets of the Plan will be allocated on an equitable basis to all participating employee-beneficiaries. No part of the assets shall be returned or inure to the benefit of the employer.

6. INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Plan by a letter dated January 14, 2009, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

7. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

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Notes to Financial Statements
Years Ended June 30, 2023 and 2022

7. FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2 – Inputs to the valuation methodology include: quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2023 and 2022.

- Mutual funds: Stated at fair value based on quoted market prices.

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2023 and 2022:

Assets at Fair Value as of June 30, 2023				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 5,430,036	\$ -	\$ -	\$ 5,430,036
Total assets at fair value	<u>\$ 5,430,036</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,430,036</u>

Assets at Fair Value as of June 30, 2022				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 4,557,876	\$ -	\$ -	\$ 4,557,876
Total assets at fair value	<u>\$ 4,557,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,557,876</u>

HSTA - HSTSO RETIREMENT BENEFIT PLAN

Notes to Financial Statements
Years Ended June 30, 2023 and 2022

8. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of net assets available for benefits.

9. PLAN MERGER

In February 2023, the HSTSO had agreed to the merger of the HSTA – HSTSO Retirement Plan with the HSTA Retirement Plan. There will be a blackout period of 15 to 30 days and all plan participants will be notified before June 30, 2023. Administrative costs incurred after the merger date would be absorbed by HSTA.

On July 1, 2023, HSTA-HSTSO Retirement Plan was merged into the HSTA Retirement Plan. Prior to the merge, the plans covered eligible employees. The transferred net assets have been recognized in the accounts of the HSTA Retirement Plan as of July 1, 2023, at their balances as previously carried in the accounts of the HSTA-HSTSO Retirement Plan. The changes in net assets of the plan are included in the accompany statement of changes in net assets available for benefits from July 1, 2023. A summary of the transferred net assets follows:

Investment, at fair value	\$ 5,430,036
Notes receivable from participants	96,274
Net assets available for benefits	<u>\$ 5,526,310</u>

10. SUBSEQUENT EVENTS

Management has evaluated events and transactions that occurred after the net assets available for benefit date for potential recognition or disclosure through March 25, 2024, the date on which the financial statements were made available to be issued.

HSTA - HSTSO RETIREMENT BENEFIT PLAN

Schedules of General and Administrative Expenses Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
General and administrative expenses		
Administrative fees	\$ 7,304	\$ 9,424
Audit fees	10,471	9,421
Consultant fees	641	1,037
Insurance	2,293	2,233
Loan fees	150	300
Miscellaneous expenses	1,568	218
 Total general and administrative expenses	 <u>\$ 22,427</u>	 <u>\$ 22,633</u>

See accompanying notes to financial statements.