

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
Pomona, California**

**CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITORS' REPORTS**

June 30, 2022 and 2021



SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Gabriel/Pomona Valleys Developmental Services, Inc.
and Richard D. Davis Foundation for the
Developmentally Disabled, Inc.
Pomona, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of San Gabriel/Pomona Valleys Developmental Services, Inc., a California nonprofit corporation, and Richard D. Davis Foundation for the Developmentally Disabled, Inc., a California nonprofit corporation (hereafter collectively referred to as the Organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards, issued by the Comptroller General of the United States*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls. 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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)

Other Matters

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2023, on our consideration of the Organization'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

AGT CPAs & Advisors

AGT CPAs & Advisors
Redding, California
March 8, 2023

FINANCIAL SECTION

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

June 30	2022	2021
ASSETS		
Cash and cash equivalents	\$ 25,330,630	\$ 27,015,831
Cash - held for others	4,843,915	6,464,228
Receivable - State Regional Center contracts	97,586,584	67,288,991
Receivable - Intermediate Care Facility providers, net	1,508,484	1,926,816
Other receivables	87,333	38,000
Prepaid expenses	613,049	409,323
Due from state - accrued vacation and other leave benefits	2,238,282	2,323,355
Deposits	12,459	12,459
Inventory	180	1,400
TOTAL ASSETS	\$ 132,220,916	\$ 105,480,403
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 35,370,506	\$ 32,843,769
Advance - State Regional Center contracts	88,593,889	62,802,520
Accrued salaries and payroll taxes	833,202	746,872
Retirement plan contribution payable	95,814	88,126
Accrued vacation and other leave benefits	2,238,282	2,323,355
Reserve for unemployment insurance	100,000	100,000
Unexpended client trust funds	4,843,915	6,464,228
Contract advances	-	800
Total Liabilities	132,075,608	105,369,670
Net Assets		
Without donor restriction	144,475	100,514
With donor restriction	833	10,219
Total Net Assets	145,308	110,733
TOTAL LIABILITIES AND NET ASSETS	\$ 132,220,916	\$ 105,480,403

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

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES**

Year Ended June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
State Regional Center Contracts	\$ 325,278,349	\$ -	\$ 325,278,349
Intermediate Care Facility supplemental services income	4,520,369	-	4,520,369
Contributions	12,650	1,669	14,319
Special fund-raising event - net of direct expenses (\$20,000)	37,315	-	37,315
Interest income	5,281	-	5,281
Other income	28,601	-	28,601
Total Support and Revenue	329,882,565	1,669	329,884,234
Net assets released from restrictions	11,055	(11,055)	-
Total Support, Revenue, and Net Assets Released From Restrictions	329,893,620	(9,386)	329,884,234
EXPENSES			
Program Services:			
Direct client services	325,857,463	-	325,857,463
Supporting Services:			
General and administrative	3,992,196	-	3,992,196
Total Expenses	329,849,659	-	329,849,659
Changes in Net Assets	43,961	(9,386)	34,575
Net Assets - Beginning of Year	100,514	10,219	110,733
Net Assets - End of Year	\$ 144,475	\$ 833	\$ 145,308

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

SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Continued

Year Ended June 30, 2021	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
State Regional Center Contracts	\$ 313,812,728	\$ -	\$ 313,812,728
Intermediate Care Facility supplemental services income	5,752,338	-	5,752,338
Contributions	5,936	2,041	7,977
Special fund-raising event - net of direct expenses (\$22,069)	26,235	9,200	35,435
Interest income	21,689	-	21,689
Other income	567,743	-	567,743
Total Support and Revenue	320,186,669	11,241	320,197,910
Net assets released from restrictions	21,504	(21,504)	-
Total Support, Revenue, and Net Assets Released From Restrictions	320,208,173	(10,263)	320,197,910
EXPENSES			
Program Services:			
Direct client services	316,642,034	-	316,642,034
Supporting Services:			
General and administrative	3,538,102	-	3,538,102
Total Expenses	320,180,136	-	320,180,136
Changes in Net Assets	28,037	(10,263)	17,774
Net Assets - Beginning of Year	72,477	20,482	92,959
Net Assets - End of Year	\$ 100,514	\$ 10,219	\$ 110,733

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

SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022	Program Services	Supporting Services	Total Expenses
	Direct Client Services	General and Administrative	
Salaries and Related Expenses			
Salaries	\$ 24,427,922	\$ 2,809,917	\$ 27,237,839
Employee benefits	4,717,509	542,650	5,260,159
Payroll taxes	335,581	38,602	374,183
Total Salaries and Related Expenses	29,481,012	3,391,169	32,872,181
Operating Expenses			
Purchase of services:			
Residential care facilities	115,246,657	-	115,246,657
Day programs	100,433,590	-	100,433,590
Other purchased services	63,715,638	-	63,715,638
Transportation	11,296,075	-	11,296,075
Facility rent	2,367,327	272,311	2,639,638
Contract consultants	653,263	84,286	737,549
Volunteer expenses	612,255	-	612,255
General expenses	389,282	44,776	434,058
General office expenses	320,473	36,864	357,337
Equipment purchases	319,136	36,710	355,846
Communication	295,621	34,005	329,626
Insurance	270,345	31,098	301,443
Legal fees	74,554	8,576	83,130
Dues	72,158	8,300	80,458
Travel	61,628	15,521	77,149
Accounting fees	68,255	7,851	76,106
Equipment rental	56,599	6,511	63,110
Postage	55,000	6,327	61,327
Equipment maintenance	42,917	4,937	47,854
Bank fees and interest expense	12,313	1,416	13,729
Printing	11,944	1,374	13,318
Board of Directors' expenses	1,421	164	1,585
Total Operating Expenses	296,376,451	601,027	296,977,478
Total Expenses	\$ 325,857,463	\$ 3,992,196	\$ 329,849,659

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

SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
(Continued)

Year Ended June 30, 2021	Program Services	Supporting Services	Total Expenses
	Direct Client Services	General and Administrative	
Salaries and Related Expenses			
Salaries	\$ 21,410,323	\$ 2,279,375	\$ 23,689,698
Employee benefits	4,676,914	440,803	5,117,717
Payroll taxes	193,136	18,203	211,339
Total Salaries and Related Expenses	26,280,373	2,738,381	29,018,754
Operating Expenses			
Purchase of services:			
Residential care facilities	110,447,382	-	110,447,382
Day programs	98,374,633	-	98,374,633
Other purchased services	64,006,453	-	64,006,453
Transportation	11,794,277	-	11,794,277
Facility rent	2,412,279	227,359	2,639,638
Volunteer expenses	918,728	-	918,728
Contract consultants	610,037	57,879	667,916
Equipment purchases	242,277	211,020	453,297
General expenses	403,373	38,018	441,391
General office expenses	272,833	97,881	370,714
Communication	230,201	88,884	319,085
Insurance	198,815	18,738	217,553
Legal fees	96,218	9,069	105,287
Postage	77,416	7,296	84,712
Dues	73,528	6,930	80,458
Accounting fees	59,300	5,589	64,889
Equipment rental	53,653	5,057	58,710
Equipment maintenance	51,214	4,827	56,041
Travel	6,354	18,093	24,447
Bank fees and interest expense	19,197	1,809	21,006
Printing	12,671	1,194	13,865
Board of Director's expenses	822	78	900
Total Operating Expenses	290,361,661	799,721	291,161,382
Total Expenses	\$ 316,642,034	\$ 3,538,102	\$ 320,180,136

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

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended June 30	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 34,575	\$ 17,774
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Receivable - State Regional Center contracts	(30,297,593)	10,343,531
Receivable - Intermediate Care Facility providers, net	418,332	1,171,568
Other receivables	(49,333)	72,618
Prepaid expenses	(203,726)	(1,031)
Deposits	-	642
Inventory	1,220	1,700
Increase (decrease) in:		
Accounts payable	2,526,737	5,083,889
Advance - State Regional Center contracts	25,791,369	(7,883,944)
Accrued salaries and payroll taxes	86,330	(13,106)
Retirement plan contribution payable	7,688	(101,603)
Unexpended client trust funds	(1,620,313)	1,028,118
Contract advances	(800)	200
Net Cash Provided (Used) By Operating Activities	(3,305,514)	9,720,356
Net Increase (Decrease) in Cash and Cash Equivalents	(3,305,514)	9,720,356
Cash and Cash Equivalents - Beginning of Year	33,480,059	23,759,703
Cash and Cash Equivalents - End of Year	\$ 30,174,545	\$ 33,480,059
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Components of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 25,330,630	\$ 27,015,831
Cash - held for others	4,843,915	6,464,228
Total	\$ 30,174,545	\$ 33,480,059
Cash Paid for Interest	\$ -	\$ 15,285
Schedule of Noncash Operating Activities		
(Increase) decrease in due from state - accrued vacation and other leave benefits	\$ 85,073	\$ (338,169)
Increase (decrease) in accrued vacation and other leave benefits	(85,073)	338,169
Total	\$ -	\$ -

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

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities San Gabriel/Pomona Valleys Developmental Services, Inc. (the Center) was incorporated on April 14, 1986 as a California nonprofit corporation. The Center was organized in accordance with the provisions of the Lanterman Developmental Disabilities Services Act (the Act) of the Welfare and Institutions Code of the State of California. In accordance with the Act, the Center, under the name of San Gabriel/Pomona Regional Center, provides services for persons with developmental disabilities and their families. Services include, but are not limited to, assessment, advocacy, service coordination, education, training, communication, resource development, and prevention services. The geographical area served includes the Los Angeles County health districts of Foothill, El Monte, and Pomona.

The Act includes governance provisions regarding the composition of the Center's board of directors. The Act states that the board shall be comprised of individuals with demonstrated interest in, or knowledge of, developmental disabilities, and other relevant characteristics, and requires that a minimum of 50% of the governing board be persons with developmental disabilities or their parents or legal guardians; and that no less than 25% of the members of the governing board shall be persons with developmental disabilities. In addition, a member of a required advisory committee, composed of persons representing the various categories of providers from which the regional center purchases client services, shall serve as a member of the Center's board. To comply with the Act, the Center's board of directors includes persons with developmental disabilities, or their parents or legal guardians, who receive services from the Center and a client service provider of the Center. Program service payments were made in the normal course of business on behalf of persons with developmental disabilities that were governing board members or were related to governing board members.

Basis of Accounting and Consolidation The consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, revenues are recognized when earned and expenses are recognized when the obligation is incurred. Reimbursements from the State are considered earned when the qualifying expense is incurred.

The consolidated financial statements include the financial statements of San Gabriel/Pomona Valleys Developmental Services, Inc. and Richard D. Davis Foundation for the Developmentally Disabled, Inc. (Foundation), hereafter collectively referred to as the Organization. Any intercompany transactions and accounts are eliminated in the accompanying consolidated financial statements.

The Foundation is a separately incorporated nonprofit organization in which San Gabriel/Pomona Valleys Developmental Services, Inc. is the sole member. The Foundation was formed for the primary purpose of providing financial support to developmentally disabled individuals for whom funds are not available through the regional center system or categorically not within the funding policies of the Center. In regards to its financial grants program, the recipients and their families are primarily clients of the Center. The Foundation's activities are primarily funded by donations and fund-raising events.

SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Basis of Presentation The Organization's consolidated financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under FASB ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets based upon the existence or absence of donor-imposed restrictions, as follows:

Net Assets Without Donor Restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions: Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid cash debt instruments with original maturities of three months or less to be cash equivalents. As required by the contract with the California Department of Developmental Services (DDS), funds received from DDS are deposited into interest-bearing accounts in a bank legally authorized to do business in California, which are established solely for the operation of the Organization. The accounts are in the name of both the Organization and DDS, as required by DDS.

Significant Concentrations of Credit Risk Due to the unique requirements of DDS and the large fluctuations in account balances the Organization can have during the year, it is not feasible for the Organization to diversify its cash balances among various financial institutions. Therefore, the Organization maintains substantially all of its cash and temporary cash investments at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022, cash exceeded federally insured limits by \$29,737,111. At June 30, 2021, cash exceeded federally insured limits by \$34,094,201. While the amount in the banks typically exceeded FDIC coverage during the year, historically the Organization has not experienced any losses on such accounts. For these reasons, management believes it is not exposed to any significant credit risk on such accounts.

SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

State Regional Center Contract Receivables and Advances Contracts receivable represent amounts due from DDS for reimbursement of expenditures made by the Organization under the annual regional center contracts. The Organization considers all amounts receivable under grant contracts to be collectible; accordingly, no allowance for doubtful accounts exists.

The contract advance balance of \$88,593,889 and \$62,802,520 at June 30, 2022 and 2021, respectively, represents cash advances received by the Organization under the annual regional center contracts. Amounts receivable from DDS are offset against advances when DDS notifies the Organization that a right of offset exists.

Receivables from Intermediate Care Facility Vendors The Centers for Medicare and Medicaid Services (CMS) approved federal financial participation in the funding of day and related transportation services purchased by the Organization for consumers who reside in Intermediate Care Facilities (ICFs). CMS agreed that the day and related transportation services are part of the ICF service; however, the federal rules allow for only one provider of the ICF service. Accordingly, all the funding for the ICF residents must go through the applicable ICF provider.

The DDS has directed the Organization to prepare billings for these services on behalf of the ICFs and submit a separate state claim report for these services. The Organization was directed to reduce the amount of their regular state claim to DDS by the dollar amount of these services. Reimbursement for these services will be received from the ICFs. DDS advances the amount according to the state claim to the ICFs. The ICFs are then required to pass on the payments received, as well as the Organization's administrative fee, to the Organization within 30 days of receipt of funds from the State Controller's office. The Organization receives a 1.5% administrative fee based on the funds received to cover the additional workload.

The net receivable from Intermediate Care Facilities in the amount of \$1,508,484 and \$1,926,816 at June 30, 2022 and 2021, respectively, represent the amount DDS paid or will pay to the ICF's net of ICF's administrative fee and Quality Assurance fee. Revenue from Intermediate Care Facilities was \$4,520,369 and \$5,752,338 as of June 30, 2022 and 2021, respectively.

Prepaid Expenses Payments made to vendors for services that will benefit the Organization for periods beyond the current fiscal year are recorded as prepaid expenses.

Property and Equipment In accordance with the State Regional Center contracts, all equipment purchased with contract funds is the property of the State. The Organization is required to maintain memorandum records of equipment purchases and dispositions. Equipment purchases are recorded as supporting or program service expenses when they are incurred. The cost basis of the property utilized by the Organization and owned by the state at June 30, 2022 and 2021, was \$1,759,322 and \$1,656,529, respectively. These balances include only the equipment that is sensitive or exceeds \$5,000 as required by State Administrative Manual (SAM) guidelines.

SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
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FOR THE DEVELOPMENTALLY DISABLED, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Accrued Vacation and Other Leave Benefits The Organization has accrued a liability for vacation and other leave benefits earned. However, such benefits are reimbursed under the state contract only when actually paid. The Organization has also recorded a receivable from the State for the accrued leave benefits to reflect the future reimbursement of such benefits.

Revenue Concentration State Regional Center contract revenue is revenue received from the State of California in accordance with the Lanterman Act. Approximately ninety-nine percent of revenue is derived from this source. Each fiscal year, the Organization enters into a new contract with the State for a specified funding amount subject to budget amendments. Revenue from the State is recognized monthly when a claim for reimbursement of actual expenses is filed with the State. These reimbursement claims are paid at the State's discretion either through direct payments to the Organization or by applying the claims reimbursements against advances already made to the Organization.

Revenue and Revenue Recognition The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A significant portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as Advance - State Regional Center contracts on the Statement of Financial Position.

Federal Grants The Organization received three federal grants as of June 30, 2022 and 2021, as follows:

U.S. Department of Education: The Organization is a sub-recipient to State of California DDS with regard to the Special Education Grants for Infants and Families with disabilities, which provides funding for early intervention services for infants and toddlers, through age 3, as authorized by Public Law 102-119. Revenue received from this program for the years ending June 30, 2022 and 2021, was \$2,150,310 and \$2,335,302, respectively, and is included in State Regional Center contracts on the statement of activities.

SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

The Corporation for National and Community Services: The Organization is a sub-recipient to DDS with regard to the Foster Grandparent grant. The grant is provided to qualified agencies and organizations for the dual purpose of engaging persons 55 or older, with limited income, in volunteer services to meet critical community needs. The program strives to provide a high quality volunteer experience that will enrich the lives of the volunteers. The grant funds are used to support Foster Grandparents in providing supportive, person to person service to children with exceptional or special needs or in circumstances identified as limiting their academic, social, or emotional development. Revenue received from this program for the years ended June 30, 2022 and 2021, was \$257,146 and \$336,467, respectively, and is included in State Regional Center contracts on the statement of activities.

U.S. Department of Health and Human Services: The organization was a recipient of the CARES Act Provider Relief Fund made available to providers of health care services and supports, including agencies serving people with developmental disabilities. Allowable expenses under the Provider Relief Fund must be used to prevent, prepare for and respond to coronavirus (COVID-19), and for related expenses or lost revenues attributable to COVID-19. Funding cannot be used where another source has reimbursed or is obligated to reimburse these expenses or losses. Revenue received from this program for the years ended June 30, 2022 and 2021, was \$0 and \$538,241, respectively. The Organization received the grant in Phase 2 of the general distribution and is reported on the schedule of Expenditures of the Federal Awards as of June 30, 2022 in accordance with the January 1, 2022 to March 31, 2022 reporting window. The grant was spent on allowable expenses as of June 30, 2021.

Allocation of Expenses The Consolidated Statements of Functional Expenses allocate expenses for all funds to the program and supporting service categories based on a direct cost basis for purchase of services, salaries, and related expenses. Operating expenses are allocated based on a percentage of salaries and related expenses per category to total salaries and related expenses, except for certain expenses that are designated as program or supporting services.

Income Taxes The Organization has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the *Internal Revenue Code* (IRC) and Section 23701(d) of the *California Revenue and Taxation Code*.

The Organization recognizes the financial statement benefit of tax positions, such as the filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California purposes is generally three and four years, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Use of Estimates and Assumptions Management uses estimates and assumptions in preparing the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the consolidated financial statements.

Subsequent Events The Organization's management has evaluated subsequent events through March 8, 2023, the date on which the financial statements were available to be issued.

Recently Issued Accounting Pronouncements In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated statement of activities. In May 2020, the FASB issued ASU 2020-05, which delayed the effective date of the standard to annual reporting periods beginning after December 15, 2021. Management is currently evaluating the impact of this standard on its financial statements.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Years Ended June 30	2022	2021
Cash and cash equivalents	\$ 25,330,630	\$ 27,015,831
Receivable - State Regional Center contracts	97,586,584	67,288,991
Less: Advance - State Regional Center contracts	(88,593,889)	(62,802,520)
Receivable - Intermediate Care Facility providers, net	1,508,484	1,926,816
Other receivables	87,333	38,000
Less: Cash subject to donor restriction	(833)	(10,219)
Total Financial Assets Available Within One Year	\$ 35,918,309	\$ 33,456,899

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(Continued)

Each regional center submits a monthly purchase of service expenditure projection to DDS, beginning in December of each fiscal year. By February 1st of each year, DDS shall allocate to all regional centers no less than one hundred percent (100%) of the enacted budget for Operations and ninety-nine percent (99%) of the enacted budget for Purchase of Service. To do this, it may be necessary to amend the Organization's contract in order to allocate funds made available from budget augmentations and to move funds among regional centers. In the event that DDS determines that a regional center has insufficient funds to meet its contractual obligations, DDS shall make best efforts to secure additional funds and/or provide the regional center with regulatory and statutory relief. The contract with DDS allows for adjustments to the Organization's allocations and for the payment of claims up to two years after the close of each fiscal year.

In addition, the Organization maintains a revolving line of credit (Note 4) to manage cash flow requirements as needed should there be delays in reimbursement for expenditures from DDS.

3. FUNDING LIMITS

The Organization's contract is funded by the State's General Fund and federal reimbursements. Allocated amounts are based primarily on projected client caseloads, and are subject to amendment based upon actual services provided.

Contracts are open for the current and two prior fiscal years as follows:

Fiscal Years Ended	Contract Amount	Cumulative Expenses	Unexpended Balance
June 30, 2022	\$ 359,892,911	\$ 318,098,076	\$ 41,794,835
June 30, 2021	\$ 322,473,903	\$ 314,003,062	\$ 8,470,841
June 30, 2020	\$ 285,297,595	\$ 282,621,881	\$ 2,675,714

Management monitors the unexpended balance annually to avoid overspending the contract limits. A majority of the unexpended balance is related to purchase of service client services and this amount could change due to delinquent billings. Management believes that total expenditures for each open year will not exceed the final approved State contract amount.

The Organization has renewed its contract for the fiscal year ending June 30, 2023. The preliminary contract provides for initial funding of \$423,494,543.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

4. LINE OF CREDIT

The Organization had a revolving line of credit with a bank whereby it could borrow up to \$30,000,000 until June 30, 2022. Interest was payable at 1% below the bank's prime rate, with an effective rate of 3.75% as of June 30, 2022. In June 2022, the Organization renewed their agreement for a revolving \$30,000,000 line of credit with the bank, secured by the Organization's assets, to fund current operating needs through June 30, 2023. The outstanding balance on the line of credit was \$0 at June 30, 2022 and 2021.

5. EMPLOYEE BENEFIT PLANS

Effective July 1, 2004, the Organization adopted an Internal Revenue Code (IRC) §401(a) retirement benefit savings plan (the 401(a) Plan). All employees are required to enter the 401(a) Plan immediately upon employment. Contributions to the 401(a) Plan are based on a percentage of each participant's compensation. Employee contributions are not permitted in the 401(a) Plan.

The Organization contributes to an IRC §403(b) retirement plan (the 403(b) Plan) for all eligible employees. All employees are eligible to enter the 403(b) Plan immediately upon employment. Participants can contribute up to the federal maximum limit. The Organization is not required to match a participant's contribution. The Organization may make discretionary contributions to the 403(b) Plan allocated in direct proportion to the participant's pay, up to a set percentage of the participant's salary. Loans are permitted, subject to the terms of the 403(b) Plan document and applicant contract.

A deferred compensation plan qualified under IRC §457(b) was approved and implemented as of February 1, 2002. All employees may contribute up to the maximum defined by law. This plan has no provisions for employer contributions.

The total employer retirement expense for the years ended June 30, 2022 and 2021, was \$2,957,245 and \$2,585,506, respectively.

6. COMMITMENTS

Operating Leases

The Organization is obligated under an operating lease agreement for its office facilities, expiring February 2024, with two options to renew for five years each.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

Future minimum facilities lease commitments are as follows:

Years Ending June 30	
2023	\$ 2,628,000
2024	1,752,000
Total	\$ 4,380,000

Total facilities and office equipment rental expense for the years ended June 30, 2022 and 2021, totaled \$2,702,748 and \$2,698,348, respectively.

Contract Commitments

The Organization pays for services in arrears, and at any given time the amount due to providers for services rendered is estimated. Unpaid commitments at June 30, 2022 and 2021, were approximately \$1.4 million and \$1.0 million, respectively.

7. UNEMPLOYMENT INSURANCE

The Organization has elected to finance its unemployment insurance using the prorated cost-of-benefits method. Under this method, the Organization is required to reimburse the state of California for benefits paid to its former employees. At June 30, 2022 and 2021, the Organization had \$100,000 in a reserve savings account to pay for any potential unemployment claims.

8. CLIENT TRUST FUNDS (CASH HELD FOR OTHERS)

The Organization functions as custodian for the receipt of certain governmental payments and resulting disbursements made on behalf of regional center clients. These cash balances are segregated from the operating cash accounts of the Organization and are restricted for client support. Since the Organization is acting as an agent in processing these transactions, no revenue or expense is reflected on the accompanying consolidated statements of activities.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

The Organization's activities consisted of the following:

Years Ended June 30	2022		2021	
Client Trust Fund Liability - Beginning of Year	\$	6,464,228	\$	5,436,110
Client support received		20,065,419		21,253,039
Subtotal		26,529,647		26,689,149
Less: Residential Care		15,209,570		14,078,507
Less: Other disbursement		6,501,366		6,130,454
Less: Net change in accounts receivable and accounts payable		(25,204)		15,960
Client Trust Fund Liability - End of Year	\$	4,843,915	\$	6,464,228

9. NET ASSETS

June 30	2022		2021	
NET ASSETS WITHOUT DONOR RESTRICTION				
Undesignated	\$	144,475	\$	100,514
Total Net Assets Without Donor Restriction	\$	144,475	\$	100,514
NET ASSETS WITH DONOR RESTRICTION				
Subject to Expenditures Restricted for a Specified Purpose				
Holiday Reach Out Drive	\$	833	\$	1,019
Golf Tournament		-		4,200
Subtotal		833		5,219
Subject to Restriction Based on Passage of Time				
Promises to give that are not restricted in purpose by donors, but which are unavailable for expenditure until received		-		5,000
Total Net Assets With Donor Restriction	\$	833	\$	10,219

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

10. OTHER PURCHASED SERVICES

Other purchased services consist of the following:

Years Ended June 30	2022	2021
Nonmedical services	\$ 25,410,014	\$ 24,604,106
Home care programs	2,275,756	2,350,211
Prevention services	13,920,278	12,402,428
Other authorized services	17,837,346	19,486,932
Personal and incidental	166,296	150,802
Medical equipment	88,782	32,600
Medical care	3,715,243	3,470,006
Camps	290	480
Other programs	301,633	1,508,888
Total Other Purchased Services	\$ 63,715,638	\$ 64,006,453

11. CONTINGENCIES

In accordance with the terms of the DDS contract, an audit may be performed by an authorized DDS representative. Should such audit disclose any unallowable costs, the Organization may be liable to DDS for reimbursement of such costs. In the opinion of the Organization's management, the effect of any disallowed costs would not be material to the consolidated financial statements at June 30, 2022 and 2021, and for the years then ended.

The Organization is dependent on continued funding provided by DDS to operate and provide services for its clients. The Organization's contract with DDS provides funding for services under the Lanterman Act. In the event the DDS determines that the Organization has insufficient funds to meet its contractual obligations, the DDS shall make best efforts to secure additional funds and/or provide the Organization with regulatory and statutory relief.

12. LEGAL PROCEEDINGS

The Organization is subject to various legal proceedings and claims arising in the ordinary course of its business. While the ultimate outcome of these matters is difficult to predict, management believes that the ultimate resolution of these matters will not have a material adverse effect on the Organization's financial position or activities.

SUPPLEMENTARY INFORMATION SECTION

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION**

June 30, 2022	Center	Foundation	Consolidated Balance
ASSETS			
Cash and cash equivalents	\$ 25,187,502	\$ 143,128	\$ 25,330,630
Cash - held for others	4,843,915	-	4,843,915
Receivable - State Regional Center contracts	97,586,584	-	97,586,584
Receivable - Intermediate Care Facility providers, net	1,508,484	-	1,508,484
Other receivables	87,333	-	87,333
Prepaid expenses	611,049	2,000	613,049
Due from state - accrued vacation and other leave benefits	2,238,282	-	2,238,282
Deposits	12,459	-	12,459
Inventory	-	180	180
TOTAL ASSETS	\$ 132,075,608	\$ 145,308	\$ 132,220,916
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 35,370,506	\$ -	\$ 35,370,506
Advance - State Regional Center contracts	88,593,889	-	88,593,889
Accrued salaries and payroll taxes	833,202	-	833,202
Retirement plan contribution payable	95,814	-	95,814
Accrued vacation and other leave benefits	2,238,282	-	2,238,282
Reserve for unemployment insurance	100,000	-	100,000
Unexpended client trust funds	4,843,915	-	4,843,915
Total Liabilities	132,075,608	-	132,075,608
Net Assets			
Without donor restriction	-	144,475	144,475
With donor restriction	-	833	833
Total Net Assets	-	145,308	145,308
TOTAL LIABILITIES AND NET ASSETS	\$ 132,075,608	\$ 145,308	\$ 132,220,916

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

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
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CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
(Continued)

June 30, 2021	Center	Foundation	Consolidated Balance
ASSETS			
Cash and cash equivalents	\$ 26,910,698	\$ 105,133	\$ 27,015,831
Cash - held for others	6,464,228	-	6,464,228
Receivable - State Regional Center contracts	67,288,991	-	67,288,991
Receivable - Intermediate Care Facility providers, net	1,926,816	-	1,926,816
Other receivables	33,000	5,000	38,000
Prepaid expenses	409,323	-	409,323
Due from state - accrued vacation and other leave benefits	2,323,355	-	2,323,355
Deposits	12,459	-	12,459
Inventory	-	1,400	1,400
TOTAL ASSETS	\$ 105,368,870	\$ 111,533	\$ 105,480,403
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 32,843,769	\$ -	\$ 32,843,769
Advance - State Regional Center contracts	62,802,520	-	62,802,520
Accrued salaries and payroll taxes	746,872	-	746,872
Retirement plan contribution payable	88,126	-	88,126
Accrued vacation and other leave benefits	2,323,355	-	2,323,355
Reserve for unemployment insurance	100,000	-	100,000
Unexpended client trust funds	6,464,228	-	6,464,228
Contract advances	-	800	800
Total Liabilities	105,368,870	800	105,369,670
Net Assets			
Without donor restriction	-	100,514	100,514
With donor restriction	-	10,219	10,219
Total Net Assets	-	110,733	110,733
TOTAL LIABILITIES AND NET ASSETS	\$ 105,368,870	\$ 111,533	\$ 105,480,403

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

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
CONSOLIDATING STATEMENTS OF ACTIVITIES**

Year Ended June 30, 2022	Center	Foundation	Consolidated Balance
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Support and Revenue			
State Regional Center Contracts	\$ 325,278,349	\$ -	\$ 325,278,349
Intermediate Care Facility supplemental services income	4,520,369	-	4,520,369
Contributions	-	12,650	12,650
Special fund-raising event - net of direct expenses	-	37,315	37,315
Interest income	5,255	26	5,281
Other income	28,401	200	28,601
Total Support and Revenue	329,832,374	50,191	329,882,565
Net Assets Released from Donor Restriction	-	11,055	11,055
Total Support, Revenue, and Net Assets Released from Restriction	329,832,374	61,246	329,893,620
EXPENSES			
Program Services:			
Direct client services	325,843,862	13,601	325,857,463
Supporting Services:			
General and administrative	3,988,512	3,684	3,992,196
Total Expenses	329,832,374	17,285	329,849,659
Changes in Net Assets Without Donor Restrictions	-	43,961	43,961
Net Assets Without Donor Restrictions - Beginning of Year	-	100,514	100,514
Net Assets Without Donor Restrictions - End of Year	\$ -	\$ 144,475	\$ 144,475

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

SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
CONSOLIDATING STATEMENTS OF ACTIVITIES
(Continued)

Year Ended June 30, 2022	Center	Foundation	Consolidated Balance
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS			
Support and Revenue			
State Regional Center Contracts	\$ -	\$ -	\$ -
Intermediate Care Facility supplemental services income	-	-	-
Contributions	-	1,669	1,669
Special fund-raising event - net of direct expenses	-	-	-
Interest income	-	-	-
Other income	-	-	-
Total Support and Revenue	-	1,669	1,669
Net Assets Released from Donor Restriction	-	(11,055)	(11,055)
Total Support, Revenue, and Net Assets Released from Restriction	-	(9,386)	(9,386)
EXPENSES			
Program Services:			
Direct client services	-	-	-
Supporting Services:			
General and administrative	-	-	-
Total Expenses	-	-	-
Changes in Net Assets With Donor Restrictions	-	(9,386)	(9,386)
Net Assets With Donor Restrictions - Beginning of Year	-	10,219	10,219
Net Assets With Donor Restrictions - End of Year	\$ -	\$ 833	\$ 833

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

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.**
CONSOLIDATING STATEMENT OF ACTIVITIES
(Continued)

Year Ended June 30, 2021	Center	Foundation	Consolidated Balance
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Support and Revenue			
State Regional Center Contracts	\$ 313,812,728	\$ -	\$ 313,812,728
Intermediate Care Facility supplemental services income	5,752,338	-	5,752,338
Contributions	-	5,936	5,936
Special fund-raising event - net of direct expenses	-	26,235	26,235
Interest income	21,650	39	21,689
Other income	567,743	-	567,743
Total Support and Revenue	320,154,459	32,210	320,186,669
Net Assets Released from Donor Restriction	-	21,504	21,504
Total Support, Revenue, and Net Assets Released from Restriction	320,154,459	53,714	320,208,173
EXPENSES			
Program Services:			
Direct client services	316,620,546	21,488	316,642,034
Supporting Services:			
General and administrative	3,533,913	4,189	3,538,102
Total Expenses	320,154,459	25,677	320,180,136
Changes in Net Assets Without Donor Restrictions	-	28,037	28,037
Net Assets Without Donor Restrictions - Beginning of Year	-	72,477	72,477
Net Assets Without Donor Restrictions - End of Year	\$ -	\$ 100,514	\$ 100,514

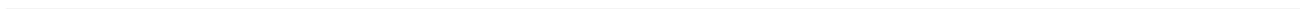
The accompanying notes are an integral part of these financial statements.

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
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FOR THE DEVELOPMENTALLY DISABLED, INC.**
CONSOLIDATING STATEMENT OF ACTIVITIES
(Continued)

Year Ended June 30, 2021	Center	Foundation	Consolidated Balance
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS			
Support and Revenue			
State Regional Center Contracts	\$ -	\$ -	\$ -
Intermediate Care Facility supplemental services income	-	-	-
Contributions	-	2,041	2,041
Special fund-raising event - net of direct expenses	-	9,200	9,200
Interest income	-	-	-
Other income	-	-	-
Total Support and Revenue	-	11,241	11,241
Net Assets Released from Donor Restriction	-	(21,504)	(21,504)
Total Support, Revenue, and Net Assets Released from Restriction	-	(10,263)	(10,263)
EXPENSES			
Program Services:			
Direct client services	-	-	-
Supporting Services:			
General and administrative	-	-	-
Total Expenses	-	-	-
Changes in Net Assets With Donor Restrictions	-	(10,263)	(10,263)
Net Assets With Donor Restrictions - Beginning of Year	-	20,482	20,482
Net Assets With Donor Restrictions - End of Year	\$ -	\$ 10,219	\$ 10,219

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

REQUIRED SUPPLEMENTARY INFORMATION SECTION



**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Contract Year(s)	Pass-Through Grant Number	Assistance Listing Number	Disbursements/ Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed Through State of California				
Department of Developmental Services -				
Special Education - Grants for Infants and				
Families with Disabilities (Part C)				
	21/22	H181A210037	84.181A	\$ 2,150,310
Total U.S. Department of Education				2,150,310
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
Passed Through State of California				
Department of Developmental Services -				
Foster Grandparent Program				
	21/22	19SFPCA002	94.011	257,146
Total Corporation for National and Community Services				257,146
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Provider Relief Fund	19/20 -21/22	N/A	93.498	538,241
Total U.S. Department of Health and Human Services				538,241
Total Expenditures of Federal Awards				\$ 2,945,697

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Part C expenditures are based on state contract budget allocations.

Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

OTHER REPORTS SECTION

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

To the Board of Directors
San Gabriel/Pomona Valleys Developmental Services, Inc.
Pomona, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of San Gabriel/Pomona Valleys Developmental Services, Inc., a California nonprofit corporation (the Center), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereof dated March 8, 2023. The financial statements of the Richard D. Davis Foundation for the Developmentally Disabled, Inc. were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Richard D. Davis Foundation for the Developmentally Disabled, Inc.

Internal Control Over Financial Reporting

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

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

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

(Continued)

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

Compliance and Other Matters

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

Purpose of This Report

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

AGT CPAs & Advisors

AGT CPAs & Advisors
Redding, California
March 8, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors
San Gabriel/Pomona Valleys Developmental Services, Inc.
Pomona, California

Report on Compliance for Each Major Federal Program

We have audited San Gabriel/Pomona Valleys Developmental Services, Inc.'s, a California nonprofit corporation (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2022. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Center's compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

(Continued)

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH THE UNIFORM GUIDANCE**

(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance, and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

AGT CPAs & Advisors

AGT CPAs & Advisors
Redding, California
March 8, 2023

FINDINGS AND QUESTIONED COSTS SECTION

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

**SECTION I
SUMMARY OF AUDITORS' RESULTS**

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Is any noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
Identification of major programs:	
Assistance Listing Number 84.181A Special Education - Grants for Infants and Families With Disabilities (Part C)	
Assistance Listing Number 93.488 Provider Relief Fund	
Threshold for distinguishing types A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT**

None

**SECTION III FINDINGS
FEDERAL AWARDS AUDIT**

None

SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
FOR THE DEVELOPMENTALLY DISABLED, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2022

None