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 AUDITOR'S REPORTS

June 30, 2024 and 2023

AGT CPAs & Advisors

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 consolidated financial statements of San Gabriel/Pomona Valleys Developmental Services, Inc., and Richard D. Davis Foundation for the Developmentally Disabled, Inc., (hereafter collectively referred to as the Organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, 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, 2024 and 2023, 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.

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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.

Auditor's 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

Supplementary 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 as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis 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 February 26, 2025, 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 the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

AGT CPAs & Advisors

AGT CPAs & Advisors
Redding, California
February 26, 2025

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	2024	2023
ASSETS		
Cash and cash equivalents	$ 18,059,245	$ 26,585,985
Cash - held for others	4,203,840	6,001,848
Receivable - State Regional Center contracts	149,982,805	116,200,787
Receivable - Intermediate Care Facility providers - net	2,026,384	2,025,845
Receivable - tenant improvement allowance	331,618	-
Other receivables	297,879	183,834
Prepaid expenses	854,526	702,506
Due from state - accrued vacation and other leave benefits	2,783,282	2,522,702
Due from state - leases	509,778	200,092
Deposits	-	12,459
Operating lease right-of-use assets	13,413,585	15,850,948
Inventory	75	180
TOTAL ASSETS	$ 192,463,017	$ 170,287,186
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 51,117,884	$ 38,895,617
Advance - State Regional Center contracts	118,544,778	105,215,999
Accrued salaries and payroll taxes	1,470,387	1,199,426
Retirement plan contribution payable	162,714	136,051
Accrued vacation and other leave benefits	2,783,282	2,522,702
Reserve for unemployment insurance	100,000	100,000
Unexpended client trust funds	4,203,840	6,001,848
Operating lease liability - current portion	2,001,808	2,127,678
Operating lease liability - long term portion	11,921,555	13,923,362
Total Liabilities	192,306,248	170,122,683
Net Assets		
Without donor restriction	155,937	163,743
With donor restriction	832	760
Total Net Assets	156,769	164,503
TOTAL LIABILITIES AND NET ASSETS	$ 192,463,017	$ 170,287,186

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, 2024	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
State Regional Center Contracts	$ 473,169,530	$ -	$ 473,169,530
Intermediate Care Facility supplemental services income	4,681,032	-	4,681,032
Contributions	10,675	1,684	12,359
Special fund-raising event - net of direct expenses ($38,689)	42,386	-	42,386
Interest income	467,098	-	467,098
Other income	245,813	-	245,813
Total Support and Revenue	478,616,534	1,684	478,618,218
Net assets released from restrictions	1,612	(1,612)	-
Total Support, Revenue, and Net Assets Released From Restrictions	478,618,146	72	478,618,218
EXPENSES			
Program Services:			
Direct client services	472,029,630	-	472,029,630
Supporting Services:			
General and administrative	6,596,322	-	6,596,322
Total Expenses	478,625,952	-	478,625,952
Changes in Net Assets	(7,806)	72	(7,734)
Net Assets - Beginning of Year	163,743	760	164,503
Net Assets - End of Year	$ 155,937	$ 832	$ 156,769

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

CONSOLIDATED STATEMENTS OF ACTIVITIES
(Continued)

Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
State Regional Center Contracts	$ 375,660,003	$ -	$ 375,660,003
Intermediate Care Facility supplemental services income	4,626,686	-	4,626,686
Contributions	200	1,656	1,856
Special fund-raising event - net of direct expenses ($33,459)	50,101	-	50,101
Interest income	134,841	-	134,841
Other income	227,042	-	227,042
Total Support and Revenue	380,698,873	1,656	380,700,529
Net assets released from restrictions	1,729	(1,729)	-
Total Support, Revenue, and Net Assets Released From Restrictions	380,700,602	(73)	380,700,529
EXPENSES			
Program Services:			
Direct client services	375,693,639	-	375,693,639
Supporting Services:			
General and administrative	4,987,695	-	4,987,695
Total Expenses	380,681,334	-	380,681,334
Changes in Net Assets	19,268	(73)	19,195
Net Assets - Beginning of Year	144,475	833	145,308
Net Assets - End of Year	$ 163,743	$ 760	$ 164,503

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

	Program Services	Supporting Services	
Year Ended June 30, 2024	Direct Client Services	General and Administrative	Total Expenses
Salaries and Related Expenses			
Salaries	$ 33,252,069	$ 4,460,321	$ 37,712,390
Employee benefits	6,409,847	859,796	7,269,643
Payroll taxes	483,220	64,817	548,037
Total Salaries and Related Expenses	40,145,136	5,384,934	45,530,070
Operating Expenses			
Purchase of services:			
Residential care facilities	168,862,229	-	168,862,229
Day programs	144,578,420	-	144,578,420
Other purchased services	91,639,673	-	91,639,673
Transportation	18,546,314	-	18,546,314
Lease expense - operating	2,532,252	339,668	2,871,920
Contract consultants	1,838,290	238,621	2,076,911
Volunteer expenses	875,590	-	875,590
General expenses	720,296	96,618	816,914
General office expenses	620,720	83,261	703,981
Insurance	435,580	58,427	494,007
Equipment purchases	364,400	48,879	413,279
Communication	328,606	44,078	372,684
Travel	50,115	235,839	285,954
Legal fees	140,422	18,836	159,258
Dues	105,889	14,204	120,093
Equipment and facility maintenance	76,090	10,207	86,297
Postage	71,668	9,613	81,281
Accounting fees	58,279	7,817	66,096
Equipment rental	19,409	2,603	22,012
Printing	11,381	1,527	12,908
Bank fees and interest expense	5,124	687	5,811
Board of Directors' expenses	3,747	503	4,250
Total Operating Expenses	431,884,494	1,211,388	433,095,882
Total Expenses	$ 472,029,630	$ 6,596,322	$ 478,625,952

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)

	Program Services	Supporting Services	
Year Ended June 30, 2023	**Direct Client Services**	**General and Administrative**	**Total Expenses**
Salaries and Related Expenses			
Salaries	$ 26,176,921	$ 3,353,564	$ 29,530,485
Employee benefits	5,074,865	650,148	5,725,013
Payroll taxes	380,600	48,759	429,359
Total Salaries and Related Expenses	31,632,386	4,052,471	35,684,857
Operating Expenses			
Purchase of services:			
Residential care facilities	136,737,232	-	136,737,232
Day programs	115,709,226	-	115,709,226
Other purchased services	69,365,698	-	69,365,698
Transportation	14,283,208	-	14,283,208
Facility rent	2,523,017	323,228	2,846,245
Contract consultants	1,796,099	203,912	2,000,011
Volunteer expenses	671,207	-	671,207
Equipment Purchases	585,577	75,019	660,596
General expenses	503,867	64,551	568,418
General office expenses	392,862	50,330	443,192
Insurance	337,117	43,189	380,306
Legal fees	323,129	41,397	364,526
Communication	297,752	38,146	335,898
Travel	133,757	44,015	177,772
Equipment and facility maintenance	131,294	16,820	148,114
Postage	71,562	9,168	80,730
Dues	71,321	9,137	80,458
Accounting fees	64,512	8,265	72,777
Equipment rental	43,880	5,621	49,501
Printing	12,763	1,635	14,398
Bank fees and interest expense	5,040	646	5,686
Board of Directors' expenses	1,133	145	1,278
Total Operating Expenses	344,061,253	935,224	344,996,477
Total Expenses	$ 375,693,639	$ 4,987,695	$ 380,681,334

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	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (7,734)	$ 19,195
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Receivable - State Regional Center contracts	(33,782,018)	(18,614,203)
Receivable - Intermediate Care Facility providers - net	(539)	(517,361)
Receivable - tenant improvement allowance	(331,618)	-
Other receivables	(114,045)	(96,501)
Prepaid expenses	(152,020)	(89,457)
Deposits	12,459	-
Inventory	105	-
Increase (decrease) in:		
Accounts payable	12,222,267	3,525,111
Advance - State Regional Center contracts	13,328,779	16,622,110
Accrued salaries and payroll taxes	270,961	366,224
Retirement plan contribution payable	26,663	40,237
Unexpended client trust funds	(1,798,008)	1,157,933
Net Cash Provided (Used) By Operating Activities	(10,324,748)	2,413,288
Net Increase (Decrease) in Cash and Cash Equivalents	(10,324,748)	2,413,288
Cash and Cash Equivalents - Beginning of Year	32,587,833	30,174,545
Cash and Cash Equivalents - End of Year	$ 22,263,085	$ 32,587,833

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

	2024	2023
Components of Cash and Cash Equivalents		
Cash and cash equivalents	$ 18,059,245	$ 26,585,985
Cash - held for others	4,203,840	6,001,848
Total	$ 22,263,085	$ 32,587,833
Cash Paid for Interest	$ -	$ -
Schedule of Noncash Operating Activities		
(Increase) decrease in due from state - accrued vacation and other leave benefits	$ (260,580)	$ (284,420)
(Increase) decrease in operating lease right-of-use assets	(309,686)	(15,850,948)
(Increase) decrease in due from state - leases	2,437,363	(200,092)
Increase (decrease) in accrued vacation and other leave benefits	260,580	284,420
Increase (decrease) in operating lease liability	(2,127,677)	16,051,040
Total	$ -	$ -

The accompanying notes are an integral part of these 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. (the 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.

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, 2024, cash exceeded federally insured limits by $23,027,564. At June 30, 2023, cash exceeded federally insured limits by $33,687,075. 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.

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 $118,544,778 and $105,215,999 at June 30, 2024 and 2023, 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.

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 $2,026,384 and $2,025,845 at June 30, 2024 and 2023, 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 $4,681,032 and $4,626,686 as of June 30, 2024 and 2023, respectively.

Allowance for Credit Losses The Organization uses the current expected credit loss method (CECL) to recognize bad debt. The California state government issues an annual budget for the program which is distributed ratably to each of the 21 regional centers throughout the state. The individual budgets established by DDS for each regional center are cost-reimbursement based contracts that allow regional centers to submit claims for reimbursement for their expenditures, resulting in a corresponding receivable. Management believes the likelihood of DDS denying reimbursement or defaulting on the receivable is remote. Similarly, the Organization has receivables from ICFs which will subsequently be reimbursed once the ICF is paid by DDS. In the event an ICF defaults on a receivable, DDS would reimburse the Organization directly and collect the amount from the ICF vendor’s future Medi-Cal payments. As such, management believes the likelihood of ICF receivables becoming uncollectable is also remote. The Organization has not established an allowance for credit losses for the years ended June 30, 2024 and 2023, as management believes all receivables are fully collectible.

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.

Leases The Organization accounts for leases in accordance with FASB ASC 842. The Organization is a lessee in a noncancellable operating lease for office space, as well as an operating lease for office equipment. The Organization determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Organization determines if an arrangement conveys the right to use an identified asset and whether the Organization obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Organization recognizes a lease liability and right-of-use (ROU) asset at the commencement date of the lease.

Operating Lease Liabilities: A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable lease payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index or rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Organization has elected to use the risk-free borrowing rate per Accounting Standards Update (ASU) No. 2021-09, *Leases (Topic 842): Discount Rate for Lessees That are Not Public Business Entities*. The Organization has elected to use this rate for all classes of underlying assets.

Operating Lease – Right-of-Use (ROU) Asset: A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected not to recognize the ROU assets and lease liabilities that arise from short-term leases (have a lease term of 12 months or less, but greater than one month at lease commencement, and do not include an option to purchase the underlying assets that the Organization is reasonably certain to exercise) for any class of underlying asset and instead recognize the lease payments in the statements of functional 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, 2024 and 2023, was $1,763,567 and $1,742,634, respectively. These balances include only the equipment that is sensitive or exceeds $5,000 as required by State Administrative Manual (SAM) guidelines.

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 two federal grants as of June 30, 2024 and 2023, 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 ended June 30, 2024 and 2023, was $2,370,061 and $2,107,372, respectively, and is included in State Regional Center contracts revenue on the statement of activities.

Corporation for National and Community Services: The Organization is a sub-recipient to State of California DDS with regard to the Foster Grandparent Program. 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, 2024 and 2023, was $370,431 and $262,538, respectively, and is included in State Regional Center contracts revenue on the statement of activities.

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.

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.

Change in Accounting Principle In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which was effective for the Organization on July 1, 2023. This standard addresses measurement of credit losses on financial instruments and replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of information to estimate credit losses. The adoption of this standard did not have a material impact on the Organization's financial statements.

Subsequent Events The Organization's management has evaluated subsequent events through February 26, 2025, the date on which the financial statements were available to be issued.

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	2024	2023
Cash and cash equivalents	$ 18,059,245	$ 26,585,985
Receivable - State Regional Center contracts	149,982,805	116,200,787
Less: Advance - State Regional Center contracts	(118,544,778)	(105,215,999)
Receivable - Intermediate Care Facility providers - net	2,026,384	2,025,845
Receivable - tenant improvement allowance	331,618	-
Other receivables	297,879	183,834
Less: Cash subject to donor restriction	(832)	(760)
Total Financial Assets Available Within One Year	$ 52,152,321	$ 39,779,692

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, 2024	$ 501,698,946	$ 460,361,059	$ 41,337,887
June 30, 2023	$ 466,404,349	$ 378,749,477	$ 87,654,872
June 30, 2022	$ 364,993,926	$ 326,340,535	$ 38,653,391

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, 2025. The preliminary contract provides for initial funding of $537,348,354.

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, 2024. Interest was payable at 1% below the bank's prime rate, with an effective rate of 7.5% as of June 30, 2024. In May 2024, the Organization renewed their agreement with the bank and increased the revolving line of credit to $40,000,000, secured by the Organization’s assets, to fund current operating needs through June 30, 2025. The outstanding balance on the line of credit was $0 at June 30, 2024 and 2023.

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, 2024 and 2023, was $4,041,698 and $3,007,454, respectively.

6. COMMITMENTS

Lease Commitments

The Organization has obligations as a lessee for office space and office equipment with initial noncancellable terms in excess of one year. The office space lease has an initial term of 10 years. The Organization has signed an amendment to the lease which extends the lease term for an additional 65 months with an option to extend the lease for another 5 years. Because the Organization is not reasonably certain to exercise this option to extend, the optional period is not included in determining the lease term, and associated payments under this renewal option are not included in the lease payments used to determine lease liabilities. The office equipment lease has an initial term of 5 years with no options to extend. The Organization classifies these leases as operating leases.

Payments due under lease contracts include fixed payments and variable payments. Some of the Organization’s office space leases require variable payments of the Organization’s proportionate share of the buildings’ property taxes, insurance, and other common area maintenance charges. These variable lease payments are not included in lease payments used to determine lease liabilities and are recognized as variable lease costs when incurred.

Beginning in 2022, the Organization has elected not to separate nonlease components from lease components for all office space and office equipment leases.

Supplemental cash flow information related to leases included in the Statements of Cash Flows, were as follows:

June 30	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 2,651,125	$ 2,646,153
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ -	$ 200,165

As of June 30, 2024, maturities of operating lease liabilities were as follows:

Years Ending June 30	Total
2025	$ 2,376,567
2026	2,667,451
2027	3,152,230
2028	3,240,156
2029	3,324,004
Thereafter	283,191
Total Lease Payments	15,043,599
Less: Present value adjustment	1,120,236
Present Value of Lease Liabilities	$ 13,923,363

The table below presents additional information related to the Organization's leases:

June 30	2024	2023
Weighted average remaining lease term:		
Operating leases	5.07	6.07
Weighted average discount rate:		
Operating leases	2.92%	2.92%

Upon adoption of ASU No. 2016-02, the risk-free rate used for existing leases was established using the Daily Treasury Par Yield Curve rate as of July 1, 2022.

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, 2024 and 2023, were approximately $1 million and $2.9 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, 2024 and 2023, 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.

The Organization's activities consisted of the following:

Years Ended June 30	2024	2023
Unexpended Client Trust Funds - Beginning of Year	$ 6,001,848	$ 4,843,915
Client support received	22,477,368	21,071,248
Subtotal	28,479,216	25,915,163
Less: Residential Care	19,237,858	15,402,324
Less: Other disbursement	5,049,050	4,454,932
Less: Net change in accounts receivable and accounts payable	(11,532)	56,059
Unexpended Client Trust Funds - End of Year	$ 4,203,840	$ 6,001,848

9. NET ASSETS

June 30	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTION		
Undesignated	$ 155,937	$ 163,743
Total Net Assets Without Donor Restriction	$ 155,937	$ 163,743
NET ASSETS WITH DONOR RESTRICTION		
Subject to Expenditures Restricted for a Specified Purpose		
Holiday Reach Out Drive	$ 832	$ 760
Total Net Assets With Donor Restriction	$ 832	$ 760

10. OTHER PURCHASED SERVICES

Other purchased services consist of the following:

Years Ended June 30	2024	2023
Nonmedical services	$ 39,305,994	$ 28,877,900
Home care programs	2,439,996	2,121,609
Prevention services	19,781,740	16,395,967
Other authorized services	24,320,949	17,604,592
Personal and incidental	216,557	188,906
Medical equipment	18,854	49,760
Medical care	4,999,983	4,059,012
Camps	63,143	24,304
Other programs	492,457	43,648
Total Other Purchased Services	$ 91,639,673	$ 69,365,698

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, 2024 and 2023, 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.

13. RELATED-PARTY TRANSACTIONS

California Welfare and Institutions Code, Section 4622, requires that a minimum of 50% of the Organization's governing board be comprised of persons with developmental disabilities or their parents or legal guardians. Program service payments were made on behalf of persons with developmental disabilities that were governing board members or were related to governing board members. Payments made on behalf of members of the board with developmental disabilities and the vendor member of the board's organization for the years ended June 30, 2024 and 2023 were $2,652,180 and $771,303, respectively.

SUPPLEMENTARY INFORMATION SECTION

June 30, 2024	Center	Foundation	Consolidated Balance
ASSETS			
Cash and cash equivalents	$ 17,905,051	$ 154,194	$ 18,059,245
Cash - held for others	4,203,840	-	4,203,840
Receivable - State Regional Center contracts	149,982,805	-	149,982,805
Receivable - Intermediate Care Facility providers - net	2,026,384	-	2,026,384
Receivable - tenant improvement allowance	331,618	-	331,618
Other receivables	297,879	-	297,879
Prepaid expenses	852,026	2,500	854,526
Due from state - accrued vacation and other leave benefits	2,783,282	-	2,783,282
Due from state - leases	509,778	-	509,778
Deposits	-	-	-
Operating lease right-of-use assets	13,413,585	-	13,413,585
Inventory	-	75	75
TOTAL ASSETS	$ 192,306,248	$ 156,769	$ 192,463,017
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	$ 51,117,884	$ -	$ 51,117,884
Advance - State Regional Center contracts	118,544,778	-	118,544,778
Accrued salaries and payroll taxes	1,470,387	-	1,470,387
Retirement plan contribution payable	162,714	-	162,714
Accrued vacation and other leave benefits	2,783,282	-	2,783,282
Reserve for unemployment insurance	100,000	-	100,000
Unexpended client trust funds	4,203,840	-	4,203,840
Operating lease liability - current portion	2,001,808	-	2,001,808
Operating lease liability - long term portion	11,921,555	-	11,921,555
Total Liabilities	192,306,248	-	192,306,248
Net Assets			
Without donor restriction	-	155,937	155,937
With donor restriction	-	832	832
Total Net Assets	-	156,769	156,769
TOTAL LIABILITIES AND NET ASSETS	$ 192,306,248	$ 156,769	$ 192,463,017

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 FINANCIAL POSITION
(Continued)

June 30, 2023	Center	Foundation	Consolidated Balance
ASSETS			
Cash and cash equivalents	$ 26,433,218	$ 152,767	$ 26,585,985
Cash - held for others	6,001,848	-	6,001,848
Receivable - State Regional Center contracts	116,200,787	-	116,200,787
Receivable - Intermediate Care Facility providers - net	2,025,845	-	2,025,845
Other receivables	183,834	-	183,834
Prepaid expenses	690,950	11,556	702,506
Due from state - accrued vacation and other leave benefits	2,522,702	-	2,522,702
Due from state - leases	200,092	-	200,092
Deposits	12,459	-	12,459
Operating lease right-of-use assets	15,850,948	-	15,850,948
Inventory	-	180	180
TOTAL ASSETS	$ 170,122,683	$ 164,503	$ 170,287,186
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	$ 38,895,617	$ -	$ 38,895,617
Advance - State Regional Center contracts	105,215,999	-	105,215,999
Accrued salaries and payroll taxes	1,199,426	-	1,199,426
Retirement plan contribution payable	136,051	-	136,051
Accrued vacation and other leave benefits	2,522,702	-	2,522,702
Reserve for unemployment insurance	100,000	-	100,000
Unexpended client trust funds	6,001,848	-	6,001,848
Operating lease liability - current portion	2,127,678	-	2,127,678
Operating lease liability - long-term portion	13,923,362	-	13,923,362
Total Liabilities	170,122,683	-	170,122,683
Net Assets			
Without donor restriction	-	163,743	163,743
With donor restriction	-	760	760
Total Net Assets	-	164,503	164,503
TOTAL LIABILITIES AND NET ASSETS	$ 170,122,683	$ 164,503	$ 170,287,186

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, 2024	Center	Foundation	Consolidated Balance
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Support and Revenue			
State Regional Center Contracts	$ 473,169,530	$ -	$ 473,169,530
Intermediate Care Facility supplemental services income	4,681,032	-	4,681,032
Contributions	-	10,675	10,675
Special fund-raising event - net of direct expenses	-	42,386	42,386
Interest income	467,098	-	467,098
Other income	245,778	35	245,813
Total Support and Revenue	478,563,438	53,096	478,616,534
Net Assets Released from Donor Restriction	-	1,612	1,612
Total Support, Revenue, and Net Assets Released from Restriction	478,563,438	54,708	478,618,146
EXPENSES			
Program Services:			
Direct client services	471,970,857	58,773	472,029,630
Supporting Services:			
General and administrative	6,592,581	3,741	6,596,322
Total Expenses	478,563,438	62,514	478,625,952
Changes in Net Assets Without Donor Restrictions	-	(7,806)	(7,806)
Net Assets Without Donor Restrictions - Beginning of Year	-	163,743	163,743
Net Assets Without Donor Restrictions - End of Year	$ -	$ 155,937	$ 155,937

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, 2024	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	-	1,684	1,684
Special fund-raising event - net of direct expenses	-	-	-
Interest income	-	-	-
Other income	-	-	-
Total Support and Revenue	-	1,684	1,684
Net Assets Released from Donor Restriction	-	(1,612)	(1,612)
Total Support, Revenue, and Net Assets Released from Restriction	-	72	72
EXPENSES			
Program Services:			
Direct client services	-	-	-
Supporting Services:			
General and administrative	-	-	-
Total Expenses	-	-	-
Changes in Net Assets With Donor Restrictions	-	72	72
Net Assets With Donor Restrictions - Beginning of Year	-	760	760
Net Assets With Donor Restrictions - End of Year	$ -	$ 832	$ 832

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, 2023	**Center**	**Foundation**	**Consolidated Balance**
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS			
Support and Revenue			
State Regional Center Contracts	$ 375,660,003	$ -	$ 375,660,003
Intermediate Care Facility supplemental services income	4,626,686	-	4,626,686
Contributions	-	200	200
Special fund-raising event - net of direct expenses	-	50,101	50,101
Interest income	134,810	31	134,841
Other income	227,038	4	227,042
Total Support and Revenue	380,648,537	50,336	380,698,873
Net Assets Released from Donor Restriction	-	1,729	1,729
Total Support, Revenue, and Net Assets Released from Restriction	380,648,537	52,065	380,700,602
EXPENSES			
Program Services:			
Direct client services	375,664,741	28,898	375,693,639
Supporting Services:			
General and administrative	4,983,796	3,899	4,987,695
Total Expenses	380,648,537	32,797	380,681,334
Changes in Net Assets Without Donor Restrictions	-	19,268	19,268
Net Assets Without Donor Restrictions - Beginning of Year	-	144,475	144,475
Net Assets Without Donor Restrictions - End of Year	$ -	$ 163,743	$ 163,743

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, 2023	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	-	1,656	1,656
Special fund-raising event - net of direct expenses	-	-	-
Interest income	-	-	-
Other income	-	-	-
Total Support and Revenue	-	1,656	1,656
Net Assets Released from Donor Restriction	-	(1,729)	(1,729)
Total Support, Revenue, and Net Assets Released from Restriction	-	(73)	(73)
EXPENSES			
Program Services:			
Direct client services	-	-	-
Supporting Services:			
General and administrative	-	-	-
Total Expenses	-	-	-
Changes in Net Assets With Donor Restrictions	-	(73)	(73)
Net Assets With Donor Restrictions - Beginning of Year	-	833	833
Net Assets With Donor Restrictions - End of Year	$ -	$ 760	$ 760

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, 2024

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)	23/24	H181A230037	84.181A	$ 2,370,061
Total U.S. Department of Education				2,370,061
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
Passed Through State of California Department of Developmental Services -				
Foster Grandparent Program	23/24	22SFICA001	94.011	338,661
Foster Grandparent Program	22/23	19SFPCA002	94.011	31,770
Total Corporation for National and Community Services				370,431
Total Expenditures of Federal Awards				$ 2,740,492

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, 2024. 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

CPAs & Advisors

INDEPENDENT AUDITOR'S 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., (the Center), which comprise the statement of financial position as of June 30, 2024, 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 thereon dated February 26, 2025. 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.

Report on 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 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.

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INDEPENDENT AUDITOR'S 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 or significant deficiencies may exist that have not been identified.

Report on 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
February 26, 2025

INDEPENDENT AUDITOR'S 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

Opinion on Each Major Federal Program

We have audited San Gabriel/Pomona Valleys Developmental Services, Inc.'s, (the Center) compliance with the types of compliance requirements identified as subject to audit 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, 2024. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE
(Continued)

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Center's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and reported on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE
(Continued)

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
February 26, 2025

FINDINGS AND QUESTIONED COSTS SECTION

SECTION I
SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's 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 auditor's 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)	
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

None