

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

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of San Gabriel/Pomona Valleys Developmental Services, Inc. and Richard D. Davis Foundation for the Developmentally Disabled, Inc. (a California nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of San Gabriel/Pomona Valleys Developmental Services, Inc. and Richard D. Davis Foundation for the Developmentally Disabled, Inc. as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of San Gabriel/Pomona Valleys Developmental Services, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The financial statements of Richard D. Davis Foundation for the Developmentally Disabled, Inc. were not audited in accordance with *Government Auditing Standards*. Accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Richard D. Davis Foundation for the Developmentally Disabled, Inc.

Responsibilities of Management for the Consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 San Gabriel/Pomona Valleys Developmental Services, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued

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

In performing an audit in accordance with generally accepted auditing standards 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 consolidated 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 consolidated 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 San Gabriel/Pomona Valleys Developmental Services, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about San Gabriel/Pomona Valleys Developmental Services, Inc.'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.

Supplementary Information

Our audit was 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 Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, and the consolidating schedules are 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 and consolidating schedules are 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 25, 2026, on our consideration of San Gabriel/Pomona Valleys Developmental Services, Inc.'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 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 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 San Gabriel/Pomona Valleys Developmental Services, Inc.'s internal control over financial reporting and compliance.



Long Beach, California
February 25, 2026

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

ASSETS

ASSETS

Cash and cash equivalents	\$ 53,932,502
Cash – client trust funds	5,468,529
Contracts receivable – state of California	8,140,139
Receivables from Intermediate Care Facility vendors	2,660,208
Other receivables	486,738
Prepaid expenses and other assets	1,198,976
Due from state – accrued vacation and other leave benefits	3,068,780
Due from state - leases	1,005,130
Operating lease right-of-use assets	<u>10,916,425</u>

TOTAL ASSETS **\$ 86,877,427**

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 64,376,549
Accrued salaries and payroll taxes	1,399,191
Retirement plan contribution payable	257,124
Accrued vacation and other leave benefits	3,068,780
Reserve for unemployment insurance	100,000
Unexpended client trust funds	5,499,692
Operating lease liabilities	<u>11,921,555</u>
	<u>86,622,891</u>

COMMITMENTS AND CONTINGENCIES (Note 8)

NET ASSETS

Without donor restrictions	139,879
With donor restrictions	<u>114,657</u>
	<u>254,536</u>

TOTAL LIABILITIES AND NET ASSETS **\$ 86,877,427**

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

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

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

SUPPORT AND REVENUE

Contracts – state of California	\$ 553,151,003
Intermediate Care Facility supplemental services income	5,987,325
Contributions	2,552
Special fundraising event, net of direct expenses of \$40,827	45,240
Interest income	482,479
Other income	738,125
Total Support and Revenue Without Donor Restrictions	560,406,724
Net assets released from restrictions	120,460
Total Support and Revenue	560,527,184

EXPENSES

Program Services:	
Direct client services	553,071,333
Supporting Services:	
General and administrative	7,471,909
Total Expenses	560,543,242

DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS (16,058)

CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS

Contributions	234,285
Net assets released from restrictions	(120,460)

INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS 113,825

CHANGE IN NET ASSETS 97,767

NET ASSETS, BEGINNING OF YEAR 156,769

NET ASSETS, END OF YEAR \$ 254,536

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

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

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025**

	Program Services	Supporting Services	Total Expenses
	Direct Client Services	General and Administrative	
Salaries	\$ 34,322,852	\$ 4,954,789	\$ 39,277,641
Employee benefits	6,875,289	925,528	7,800,817
Payroll taxes	504,210	71,061	575,271
Total Salaries and Related Expenses	41,702,351	5,951,378	47,653,729
Purchase of services:			
Residential care facilities	164,450,863	-	164,450,863
Day programs	173,589,207	-	173,589,207
Transportation	21,630,952	-	21,630,952
Other purchase of services	143,229,786	-	143,229,786
Equipment maintenance	358,894	51,270	410,164
Facility and equipment rent	3,585,124	512,160	4,097,284
Communication	317,642	45,377	363,019
General office expenses	881,675	125,953	1,007,628
Postage	1,306	186	1,492
Printing	24,237	3,462	27,699
Insurance	446,774	63,825	510,599
Legal fees	-	273,855	273,855
Board of Directors' expenses	-	5,429	5,429
Equipment purchases	557,897	79,699	637,596
Contract consultants	1,082,651	137,753	1,220,404
Travel	365,426	7,647	373,073
General expenses	736,908	107,298	844,206
Accounting fees	-	85,014	85,014
Dues	109,640	15,663	125,303
Bank fees and interest expense	-	5,940	5,940
TOTAL EXPENSES	\$ 553,071,333	\$ 7,471,909	\$ 560,543,242

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

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 97,767
Changes in operating assets and liabilities:	
Cash – client trust funds	(1,264,689)
Contracts receivable – state of California	23,297,888
Receivables from Intermediate Care Facility vendors	(633,824)
Other receivables	142,759
Prepaid expenses and other assets	(344,375)
Due from state - accrued vacation and other leave benefits	(285,498)
Due from state - leases	(495,352)
Operating lease right-of-use assets	2,497,160
Accounts payable	13,258,665
Accrued salaries and payroll taxes	(71,196)
Retirement plan contribution payable	94,410
Accrued vacation and other leave benefits	285,498
Unexpended client trust funds	1,295,852
Operating lease liabilities	<u>(2,001,808)</u>
Net Cash Provided By Operating Activities	<u>35,873,257</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 35,873,257
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>18,059,245</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 53,932,502</u>

The accompanying notes are an integral part of these consolidated 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
JUNE 30, 2025**

NOTE 1 – Organization and Summary of Significant Accounting Policies

Organization

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 (the state). In accordance with the Act, the Center, operating as 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 Board). 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 Center purchases client services, shall serve as a member of the Board. To comply with the Act, the Board 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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

State of California Contract

The Center contracts with the California Department of Developmental Services (DDS) to operate a regional center for individuals with developmentally disabled and their families. The Center's contract for the fiscal year ended June 30, 2025 totaled \$571,551,429 and are subject to budget amendments. Amounts received from the DDS contract are recognized as revenue when the Center has incurred qualifying expenditures per the DDS contract. Amounts received prior to incurring qualifying expenditures are recorded as contract advances and netted with contract receivable- state of California on the consolidated statement of financial position. As of June 30, 2025, actual net expenditures under the regional center contract for the 2024-2025 contract year was approximately \$544,914,402. The remaining amount on the contract for the fiscal year ended June 30, 2024 where the Center can be reimbursed for qualifying expenditures is approximately \$26,600,000, subject to any future contract amendments.

Basis of Accounting and Consolidation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and, accordingly, revenue is recognized when earned and expenses are recognized when obligations are incurred. Reimbursements from DDS 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. All material intercompany transactions and accounts have been eliminated upon consolidation.

The Foundation is a separately incorporated, nonprofit organization in which the Center 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 San Gabriel/Pomona Regional Center. Regarding its financial grants program, recipients and their families are primarily clients of the San Gabriel/Pomona Regional Center. The Foundation's activities are primarily funded by donations and fundraising events.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – Organization and Summary of Significant Accounting Policies (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 (U.S. GAAP). 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.

Consolidated Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets, net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions: Net assets available for us in general operations and not subject to donor restrictions.

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 Center 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2025, the Organization has net assets with donor restrictions totaling \$114,657. The Organization had no permanently restricted assets as of June 30, 2025.

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Organization considers cash on hand and all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash and cash equivalents. At June 30, 2025 and throughout the year, the Organization has maintained cash balances in a bank in excess of federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Contracts Receivable – State of California

The Center's contract receivable is reported net of advances received. The contract receivable and contract support are recorded on the accrual method as related expenses are incurred. Management believes all amounts are collectible as of June 30, 2025, therefore, the Center has not established an allowance for credit losses against the contract receivable.

Receivables from Intermediate Care Facility Vendors

The Centers for Medicare and Medicaid Services (CMS) has approved federal financial participation in the funding of the 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 ICF services; however, the federal rules allow for only one provider of ICF services. Accordingly, all the Medicaid funding for ICF residents must go through the applicable ICF provider. The Organization receives a 1.5% administrative fee based on the funds received to cover the additional workload.

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 its 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 California State Controller's Office. For the year ended June 30, 2025, the Organization did not note any ICF receivable balances that were potentially deemed uncollectible.

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

State 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. State equipment purchases for the year ended June 30, 2025 totaled approximately \$638,000.

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.

Leasing Arrangements

The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances.

The Organization's policy for determining its lease discount rate used for measuring lease liabilities is to use the rate implicit in the lease whenever that rate is readily determinable. If the rate implicit in the lease is not readily determinable, then the Center has elected to use the risk-free discount rate, as permitted by U.S. GAAP, determined using a period comparable with that of the lease term.

The Organization has elected a policy to account for short-term leases, defined as any lease with a term less than 12 months, by recognizing all components of the lease payment in the consolidated statement of activities in the period in which the obligation for the payments is incurred.

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
AND RICHARD D. DAVIS FOUNDATION
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions, including pledges, are recognized as support in the period received or pledged. Unconditional promises to give that are expected to be collected within one year of the consolidated financial statement date are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discount to present value is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with donor restrictions. When a donor's stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Permanently restricted contributions have restrictions stipulated by the donor that the corpus be invested in perpetuity and only the income be made available for operations.

Allocation of Functional Expenses

The consolidated statement of functional expenses presents expenses for all funds that are allocated to the program and supporting service categories using a direct cost basis for purchased 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.

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
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FOR THE DEVELOPMENTALLY DISABLED, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

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.

Subsequent Events

Except as disclosed in Note 9, the Organization’s management has evaluated subsequent events from the consolidated statement of financial position date through February 25, 2026, the date the consolidated financial statements were available to be issued for the year ended June 30, 2025.

NOTE 2 – Financial Assets and Liquidity Resources

Financial assets and liquidity resources available within one year of the consolidated statement of financial position for general expenditures, such as operating expenses, were as follows:

Financial assets:	
Cash and cash equivalents	\$ 53,932,502
Contracts receivable - state of California	8,140,139
Receivable from Intermediate Care Facility vendors	<u>2,660,208</u>
	64,732,849
Less financial assets not available for general expenditures:	
Restricted by donor with purpose	<u>(114,657)</u>
Total financial assets available within one year	<u>\$ 64,618,192</u>

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – Financial Assets and Liquidity Resources (Continued)

According to the contract with DDS, the state and the regional centers have agreed to work together to build the budget for the regional center system using the best quality data and information available. This budget provides data to assist in building the Governor's January Budget and the May Revised Budget.

Additionally, 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 allocates, 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 Center'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 its best efforts to secure additional funds and/or provide each regional center with regulatory and statutory relief.

The Organization regularly monitors its liquidity that is required to meet its operating needs and contractual commitments. The Organization's sources of liquidity include cash and cash equivalents, contracts receivable – state of California, and receivables from ICF vendors. The Center's major liquidity resources are from the state in the form of reimbursement of qualified expenses. The Organization operates a budget that is allocated and reimbursed by DDS annually to cover general expenditures.

For purposes of analyzing resources required to meet operating expenses over a 12-month period, the Organization considers all expenditures and the pattern of all income related to its ongoing activities. The Board meets regularly to review all financial aspects of the Organization.

The Organization maintains a line of credit (see Note 6) to manage cash flow requirements during the months of May through October as needed to cover any delays in cash advances and reimbursements over the beginning of the fiscal year.

**SAN GABRIEL/POMONA VALLEYS DEVELOPMENTAL SERVICES, INC.
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FOR THE DEVELOPMENTALLY DISABLED, INC.**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – Cash - Client Trust Funds and Unexpended Client Trust Funds

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 Center and are restricted for client support. Since the Organization acts as an agent in processing these transactions, no revenue or expense is reflected on the accompanying consolidated statement of activities.

The following is a summary of client support and expenses not reported in the consolidated statement of activities for the year ended June 30, 2025:

Support:	
Social Security and other client support	<u>\$ 21,659,694</u>
Disbursements:	
Residential care	\$ 17,564,417
Other disbursements	<u>4,095,277</u>
	<u>\$ 21,659,694</u>

NOTE 4 – Contracts Receivable and Advance – State of California

As of June 30, 2025, DDS had advanced the Organization \$133,326,829 under the regional center contracts. For the consolidated financial statement presentation, to the extent there are claims receivable, these advances have been offset against the claims receivable from DDS as follows:

Contracts receivable	\$ 141,466,968
Contract advances	<u>(133,326,829)</u>
Net contracts receivable	<u>\$ 8,140,139</u>

The Organization has renewed its contract with DDS for the fiscal year ending June 30, 2026. The contract provides for initial funding of \$555,315,176.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 – Contracts Receivable and Advance – State of California (Continued)

In connection with ICF providers transitioning reimbursement process of Medi-Cal programs, delays resulted in funding those services. To address the temporary cash flow delays, DDS provided guidance to the Center to provide Lag Loans to the ICF providers to assist with the delays. The Lag Loans provide advance funds to the ICF providers bare no interest and are repaid to the Center upon the ICF collecting from Medi-Cal. The Center acts solely as an agent in the disbursement and recoupment of the advance funds. Accordingly, no revenue or expenses related to these transactions are reflected in the accompanying consolidated statement of activities. As of June 30, 2025, total outstanding Lag Loans of approximately \$19,500,000 are included in contract receivable, which when paid back from ICF providers will be used to offset future DDS claims filed by the Center.

NOTE 5 – Lease Arrangements

The Organization has entered into various leases for office space and office equipment. The lease terms expire at various dates through July 2029. Certain leases contain provisions for renewal options and for increasing rent due to increased expenses, taxes, and cost of living. Only lease options that the Center believes are reasonably certain to exercise are included in the measurement of the lease right-of-use assets and liabilities. In addition, the Organization is required to pay for insurance on certain premises.

While all of the agreements provide for minimum lease payments, some include payments adjusted for inflation or for variable payments based on a percentage of sales over contractual levels. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease right-of-use assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 – Lease Arrangements (Continued)

The following summarizes the line items in the consolidated statement of financial position for operating leases:

Operating lease right-of-use assets	<u>\$ 10,916,425</u>
Operating lease liabilities	<u>\$ 11,921,555</u>

The components of operating lease expenses that are included in facility and equipment rent on the consolidated statement of functional expense is as follows:

Operating lease costs	<u>\$ 4,097,284</u>
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The following summarizes the supplemental cash flow information related to leases for the year ended June 30, 2025:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	<u>\$ 2,001,808</u>
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The weighted-average remaining lease term and discount rate for the operating leases as of June 30, 2025 were as follows:

Weighted-average remaining lease term	4.07 years
Weighted-average discount rate	2.92%

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 – Lease Arrangements (Continued)

The maturities of operating lease liabilities as of June 30, 2025 are as follows:

Year Ending June 30,	
2026	\$ 2,667,451
2027	3,152,229
2028	3,240,156
2029	3,324,004
2030	283,191
Total minimum lease payments	12,667,031
Less amount representing interest	(745,476)
Present value of minimum lease payments	\$ 11,921,555

NOTE 6 – Line of Credit

The Organization has a revolving line of credit agreement with a bank whereby it is permitted to borrow up to \$40,000,000. Borrowings are secured by substantially all state receivables of the Organization with interest payable monthly at 1% below the bank's prime rate with an effective rate of 6.5% at June 30, 2025. The agreement matured on June 30, 2025. It was subsequently renewed on an annual basis and is currently scheduled to mature in June 2026. There was no balance outstanding as of June 30, 2025.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – Employee Benefit Plans

Effective July 1, 2004, the Center adopted an IRC §401(a) retirement benefit savings plan (the 401(a) Plan). All employees are eligible to enroll in the 401(a) Plan immediately upon their date of hire. The Organization's contributions to the 401(a) Plan are based on a percentage of each employee's eligible compensation. Employee contributions are not permitted for the 401(a) Plan.

The Organization also has an IRC §403(b) retirement plan (the 403(b) Plan). All employees are eligible to enroll in the 403(b) Plan immediately upon their date of hire. Participant contributions are permitted up to the federal maximum limit. The Center is not required to match a participant's contribution. The Center 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. Participant loans are permitted, subject to the terms of the 403(b) Plan document.

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

The total employer retirement expense for the year ended June 30, 2025 was approximately \$4,450,000.

NOTE 8 – Commitments and Contingencies

DDS State Contract

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 Center may be liable to DDS for reimbursement of such costs. In the opinion of the Center's management, the effect of any disallowed costs would not be material to the consolidated financial statements at June 30, 2025, and for the year then ended.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – Commitments and Contingencies (Continued)

DDS State Contract (Continued)

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 Act. In the event DDS determines that the Organization has insufficient funds to meet its contractual obligations, DDS shall make best efforts to secure additional funds and/or provide the Organization with regulatory and statutory relief.

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 for benefits paid to its former employees. At June 30, 2025, the Organization had \$100,000 in a reserve savings account to pay for any potential unemployment claims.

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.

NOTE 9 – Subsequent Event

The Organization has entered into a noncancelable operating lease for office space that is scheduled to commence on October 1, 2025 and expires on September 30, 2037. Monthly base rent at commencement is approximately \$147,000 and increases annually by approximately 3%. As of June 30, 2025, the lease had not yet commenced and, accordingly, no operating lease right-of-use asset or liability has been recognized in the accompanying consolidated financial statements.

SUPPLEMENTARY INFORMATION

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

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

	Center	Foundation	Total
ASSETS			
Cash and cash equivalents	\$ 53,682,426	\$ 250,076	\$ 53,932,502
Cash – client trust funds	5,468,529	-	5,468,529
Contracts receivable – state of California	8,140,139	-	8,140,139
Receivables from Intermediate Care Facility vendors	2,660,208	-	2,660,208
Other receivables	486,738	-	486,738
Prepaid expenses and other assets	1,194,516	4,460	1,198,976
Due from state - accrued vacation and other leave benefits	3,068,780	-	3,068,780
Due from state - leases	1,005,130	-	1,005,130
Operating lease right-of-use assets	10,916,425	-	10,916,425
TOTAL ASSETS	\$ 86,622,891	\$ 254,536	\$ 86,877,427
LIABILITIES			
Accounts payable	\$ 64,376,549	\$ -	\$ 64,376,549
Accrued salaries and payroll taxes	1,399,191	-	1,399,191
Retirement plan contribution payable	257,124	-	257,124
Accrued vacation and other leave benefits	3,068,780	-	3,068,780
Reserve for unemployment insurance	100,000	-	100,000
Unexpended client trust funds	5,499,692	-	5,499,692
Operating lease liabilities	11,921,555	-	11,921,555
	86,622,891	-	86,622,891
NET ASSETS			
Without donor restrictions	-	139,879	139,879
With donor restrictions	-	114,657	114,657
	-	254,536	254,536
TOTAL LIABILITIES AND NET ASSETS	\$ 86,622,891	\$ 254,536	\$ 86,877,427

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

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Center	Foundation	Total
SUPPORT AND REVENUE			
Contracts – state of California	\$ 553,151,003	\$ -	\$ 553,151,003
Intermediate Care Facility supplemental services income	5,987,325	-	5,987,325
Contributions	-	2,552	2,552
Special fundraising event, net of direct expenses of \$40,827	-	45,240	45,240
Interest income	482,479	-	482,479
Other income	738,079	46	738,125
Total Support and Revenue Without Donor Restrictions	560,358,886	47,838	560,406,724
Net assets released from restrictions	-	120,460	120,460
Total Support and Revenue	560,358,886	168,298	560,527,184
EXPENSES			
Program Services:			
Direct client services	552,889,003	182,330	553,071,333
Supporting Services:			
General and administrative	7,469,883	2,026	7,471,909
Total Expenses	560,358,886	184,356	560,543,242
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	-	(16,058)	(16,058)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS			
Contributions	-	234,285	234,285
Net assets released from restrictions	-	(120,460)	(120,460)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	-	113,825	113,825
CHANGE IN NET ASSETS	-	97,767	97,767
NET ASSETS, BEGINNING OF YEAR	-	156,769	156,769
NET ASSETS, END OF YEAR	\$ -	\$ 254,536	\$ 254,536

**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 of
San Gabriel/Pomona Valleys Developmental Services, Inc.

We have audited, in accordance with the 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 consolidated financial statements of San Gabriel/Pomona Valleys Developmental Services, Inc. (a California nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 25, 2026. The financial statements of 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 Richard D. Davis Foundation for the Developmentally Disabled, Inc.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered San Gabriel/Pomona Valleys Developmental Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Gabriel/Pomona Valleys Developmental Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of San Gabriel/Pomona Valleys Developmental Services, Inc.'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 entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of a deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Gabriel/Pomona Valleys Developmental Services, Inc.'s consolidated 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 determination of consolidated financial statement amounts. 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 San Gabriel/Pomona Valleys Developmental Services, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering San Gabriel/Pomona Valleys Developmental Services, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Long Beach, California
February 25, 2026

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

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 compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of San Gabriel/Pomona Valleys Developmental Services, Inc.'s major federal programs for the year ended June 30, 2025. San Gabriel/Pomona Valleys Developmental Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, San Gabriel/Pomona Valleys Developmental Services, Inc. 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, 2025.

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; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of San Gabriel/Pomona Valleys Developmental Services, Inc. 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 San Gabriel/Pomona Valleys Developmental Services, Inc.'s compliance with the compliance requirements referred to above.

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 San Gabriel/Pomona Valleys Developmental Services, Inc.'s federal programs.

Auditors' 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 San Gabriel/Pomona Valleys Developmental Services, Inc.'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 generally accepted auditing standards, *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 San Gabriel/Pomona Valleys Developmental Services, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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 San Gabriel/Pomona Valleys Developmental Services, Inc.'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 San Gabriel/Pomona Valleys Developmental Services, Inc.'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 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 San Gabriel/Pomona Valleys Developmental Services, Inc.'s 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.

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 a 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 Auditors' 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.



Long Beach, California
February 25, 2026

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Grant Identification Number	Federal Expenditures
U.S. Department of Education Passed through State of California Department of Developmental Services: Special Education - Grants for Infants and Families with Disabilities	84.181A	H181A240037	\$ 3,510,856
U.S. Corporation for National Community Service Passed through State of California Department of Developmental Services: Foster Grandparent Program	94.011	22SFICA001	<u>375,621</u>
Total federal expenditures			<u>\$ 3,886,477</u>

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of San Gabriel/Pomona Valleys Developmental Services, Inc. under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of San Gabriel/Pomona Valleys Developmental Services, Inc., it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of San Gabriel/Pomona Valleys Developmental Services, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting and based on state contract budget allocations. 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.

NOTE C - INDIRECT COST RATE

San Gabriel/Pomona Valleys Developmental Services, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

SECTION 1 – SUMMARY OF AUDITORS’ RESULTS

Consolidated Financial Statements

The independent auditors’ report expresses an unmodified opinion on whether the consolidated financial statements of San Gabriel/Pomona Valleys Developmental Services, Inc. and Richard D. Davis Foundation for the Developmentally Disabled, Inc. were prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting:

Material weakness(es) identified? – No

Significant deficiencies identified? – None reported

Noncompliance material to consolidated financial statements noted? – No

Federal awards

Internal control over major programs:

Material weakness(es) identified? – No

Significant deficiencies identified? – None reported

Type of auditors’ report issued on compliance for major programs? – Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? – No

Identification of major programs:

Special Education – Grants for Infants and Families with Disabilities Federal Assistance Listing #84.181A

Dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

Auditee qualified as low-risk auditee? – Yes

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

SECTION II - FINDINGS – CONSOLIDATED FINANCIAL STATEMENTS AUDIT

None

**SECTION III - FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

None