

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**

Alhambra, California

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

June 30, 2023 and 2022



**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Eastern Los Angeles Regional Center
for the Developmentally Disabled, Inc.
Alhambra, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Eastern Los Angeles Regional Center for the Developmentally Disabled, Inc. (the Center), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of June 30, 2023 and 2022, 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 Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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 AUDITORS' REPORT

(Continued)

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by the 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 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 January 31, 2024, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

AGT CPAs & Advisors

AGT CPAs & Advisors
Redding, California
January 31, 2024

FINANCIAL SECTION

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**
STATEMENTS OF FINANCIAL POSITION

June 30	2023	2022
ASSETS		
Cash and cash equivalents	\$ 31,156,059	\$ 25,855,747
Cash - client trust funds	1,224,345	1,135,129
Receivable - State Regional Center contracts	106,628,366	95,251,343
Receivable - Intermediate Care Facility providers	238,003	355,535
Prepaid expenses	370,128	328,094
Other assets	417,151	378,032
Due from State - accrued vacation and other leave benefits	2,114,605	2,039,921
Due from State - deferred rent	-	1,807,752
Due from State - leases	661,382	-
Operating lease right-of-use assets	42,591,236	-
TOTAL ASSETS	\$ 185,401,275	\$ 127,151,553
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 40,953,093	\$ 37,965,782
Advance - State Regional Center contracts	96,800,696	83,420,945
Accrued and other liabilities	1,028,104	745,972
Accrued vacation and other leave benefits	2,114,605	2,039,921
Deferred rent	-	1,807,752
Unexpended client support	1,224,345	1,135,129
Operating lease liability - current portion	2,473,217	-
Operating lease liability - long term portion	40,779,401	-
Total Liabilities	185,373,461	127,115,501
Net Assets		
Without donor restriction	27,814	36,052
Total Net Assets	27,814	36,052
TOTAL LIABILITIES AND NET ASSETS	\$ 185,401,275	\$ 127,151,553

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

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**
STATEMENTS OF ACTIVITIES

Years Ended June 30	2023	2022
SUPPORT AND REVENUE		
State Regional Center contracts	\$ 353,459,641	\$ 305,976,931
ICF supplemental services	689,583	769,168
ICF administrative fees	8,418	12,801
Interest	186,402	4,940
Contributions and other	702,586	291,505
TOTAL SUPPORT AND REVENUE	355,046,630	307,055,345
EXPENSES		
Program Services		
Intake	2,366,762	2,091,788
Case management	22,581,789	20,313,651
Program development	1,957,563	2,120,108
Other client services	9,604,579	7,449,945
Living out of own home	82,209,363	69,527,546
Medical and dental	7,038,668	6,401,320
Day program	63,523,934	54,006,918
Camp and respite	33,525,814	31,415,953
Other purchased services	128,652,011	109,658,950
Total Program Services	351,460,483	302,986,179
Supporting Services		
Management and general	3,594,385	4,074,265
Total Supporting Services	3,594,385	4,074,265
TOTAL EXPENSES	355,054,868	307,060,444
Changes in Net Assets	(8,238)	(5,099)
Net Assets - Beginning of Year	36,052	41,151
Net Assets - End of Year	\$ 27,814	\$ 36,052

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

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**
STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023	Program Services							Balance Forward
	Intake	Case Management	Program Development	Other Client Services	Living Out of Own Home	Medical and Dental		
Salaries and Related Expenses								
Salaries	\$ 1,419,036	\$ 14,364,102	\$ 1,176,251	\$ 6,407,686	\$ -	\$ -	\$ -	\$ 23,367,075
Employee health and other benefits	133,661	1,618,365	111,830	759,120	-	-	-	2,622,976
Retirement benefits	111,314	1,004,624	74,090	429,262	-	-	-	1,619,290
Payroll taxes	102,906	1,087,824	91,433	492,873	-	-	-	1,775,036
Total Salaries and Related Expenses	1,766,917	18,074,915	1,453,604	8,088,941	-	-	-	29,384,377
Purchase of services	-	-	-	-	82,209,363	7,038,668	-	89,248,031
Equipment rental	179	10,754	183	472	-	-	-	11,588
Equipment maintenance	4,476	2,322	-	-	-	-	-	6,798
Facility rent	8,103	110,212	8,579	22,164	-	-	-	149,058
Communications	11,735	204,596	18,118	35,564	-	-	-	270,013
Information technology	40,208	488,463	65,372	104,607	-	-	-	698,650
General office expense	14,739	135,200	8,010	43,156	-	-	-	201,105
Postage	9,866	143,811	1,502	3,253	-	-	-	158,432
Printing	881	13,826	656	30,471	-	-	-	45,834
Insurance	12,760	147,367	291	34,355	-	-	-	194,773
Legal fees	-	-	47,499	-	-	-	-	47,499
Board expenses	-	-	-	-	-	-	-	-
Equipment purchases	-	144,683	(12,330)	315,283	-	-	-	447,636
Consultant fees	237,099	191,984	17,012	221,839	-	-	-	667,934
Staff travel	707	39,878	4,624	2,244	-	-	-	47,453
General expenses	9,189	70,387	81,415	35,304	-	-	-	196,295
ARCA dues	3,066	43,627	4,952	-	-	-	-	51,645
Accounting fees	6,569	36,255	3,675	9,722	-	-	-	56,221
Lease expense - operating	240,268	2,723,509	254,401	657,204	-	-	-	3,875,382
Total	\$ 2,366,762	\$ 22,581,789	\$ 1,957,563	\$ 9,604,579	\$ 82,209,363	\$ 7,038,668	\$ -	\$ 125,758,724

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

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**
STATEMENTS OF FUNCTIONAL EXPENSES
(Continued)

Year Ended June 30, 2023	Program Services					Supporting Services		Total Expenses
	Balance Brought Forward	Day Program	Camps and Respite	Other Purchased Services	Total Program Services	Management and General		
Salaries and Related Expenses								
Salaries	\$ 23,367,075	\$ -	\$ -	\$ -	\$ 23,367,075	\$ 1,651,309	\$	25,018,384
Employee health and other benefits	2,622,976	-	-	-	2,622,976	154,504		2,777,480
Retirement benefits	1,619,290	-	-	-	1,619,290	130,955		1,750,245
Payroll taxes	1,775,036	-	-	-	1,775,036	112,928		1,887,964
Total Salaries and Related Expenses	29,384,377	-	-	-	29,384,377	2,049,696		31,434,073
Purchase of services	89,248,031	63,523,934	33,525,814	128,652,011	314,949,790	-		314,949,790
Equipment rental	11,588	-	-	-	11,588	348		11,936
Equipment maintenance	6,798	-	-	-	6,798	94,582		101,380
Facility rent	149,058	-	-	-	149,058	15,030		164,088
Communications	270,013	-	-	-	270,013	25,914		295,927
Information technology	698,650	-	-	-	698,650	-		698,650
General office expense	201,105	-	-	-	201,105	294,400		495,505
Postage	158,432	-	-	-	158,432	8,997		167,429
Printing	45,834	-	-	-	45,834	4,157		49,991
Insurance	194,773	-	-	-	194,773	30,491		225,264
Legal fees	47,499	-	-	-	47,499	59,381		106,880
Board expenses	-	-	-	-	-	257		257
Equipment purchases	447,636	-	-	-	447,636	129,548		577,184
Consultant fees	667,934	-	-	-	667,934	348,643		1,016,577
Staff travel	47,453	-	-	-	47,453	5,796		53,249
General expenses	196,295	-	-	-	196,295	19,397		215,692
ARCA dues	51,645	-	-	-	51,645	16,744		68,389
Accounting fees	56,221	-	-	-	56,221	6,227		62,448
Lease expense - operating	3,875,382	-	-	-	3,875,382	484,777		4,360,159
Total	\$ 125,758,724	\$ 63,523,934	\$ 33,525,814	\$ 128,652,011	\$ 351,460,483	\$ 3,594,385	\$	\$ 355,054,868

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

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**
STATEMENTS OF FUNCTIONAL EXPENSES
(Continued)

Year Ended June 30, 2022	Program Services							Balance Forward
	Intake	Case Management	Program Development	Other Client Services	Living Out of Own Home	Medical and Dental		
Salaries and Related Expenses								
Salaries	\$ 1,319,763	\$ 12,997,935	\$ 1,196,444	\$ 4,931,962	\$ -	\$ -	\$ -	\$ 20,446,104
Employee health and other benefits	113,180	1,373,113	98,487	523,364	-	-	-	2,108,144
Retirement benefits	111,195	1,005,789	87,118	345,613	-	-	-	1,549,715
Payroll taxes	93,226	988,063	91,725	361,259	-	-	-	1,534,273
Total Salaries and Related Expenses	1,637,364	16,364,900	1,473,774	6,162,198	-	-	-	25,638,236
Purchase of services	-	-	-	-	69,527,546	6,401,320	-	75,928,866
Equipment rental	360	11,579	424	997	-	-	-	13,360
Equipment maintenance	4,621	10,838	711	1,837	-	-	-	18,007
Facility rent	175,285	2,173,159	242,006	526,705	-	-	-	3,117,155
Communications	9,491	171,931	13,389	27,474	-	-	-	222,285
Information technology	26,566	497,122	46,794	520,811	-	-	-	1,091,293
General office expense	10,705	115,413	12,237	39,322	-	-	-	177,677
Postage	1,143	48,373	1,712	3,672	-	-	-	54,900
Printing	5,895	3,462	22,147	13,915	-	-	-	45,419
Insurance	4,159	59,181	-	13,436	-	-	-	76,776
Legal fees	42,298	406,437	120,505	85,861	-	-	-	655,101
Board expenses	-	-	-	-	-	-	-	-
Equipment purchases	-	223,584	23,125	11,027	-	-	-	257,736
Consultant fees	150,322	70,293	25,715	661	-	-	-	246,991
Staff travel	507	18,501	340	174	-	-	-	19,522
General expenses	16,629	49,428	127,092	31,469	-	-	-	224,618
ARCA dues	3,066	43,627	4,952	-	-	-	-	51,645
Accounting fees	3,377	45,823	5,185	10,386	-	-	-	64,771
Total	\$ 2,091,788	\$ 20,313,651	\$ 2,120,108	\$ 7,449,945	\$ 69,527,546	\$ 6,401,320	\$ -	\$ 107,904,358

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

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**
STATEMENTS OF FUNCTIONAL EXPENSES
(Continued)

Year Ended June 30, 2022	Program Services					Supporting Services		Total Expenses
	Balance Brought Forward	Day Program	Camps and Respite	Other Purchased Services	Total Program Services	Management and General		
Salaries and Related Expenses								
Salaries	\$ 20,446,104	\$ -	\$ -	\$ -	\$ 20,446,104	\$ 1,673,745	\$	\$ 22,119,849
Employee health and other benefits	2,108,144	-	-	-	2,108,144	147,282		2,255,426
Retirement benefits	1,549,715	-	-	-	1,549,715	139,478		1,689,193
Payroll taxes	1,534,273	-	-	-	1,534,273	115,294		1,649,567
Total Salaries and Related Expenses	25,638,236	-	-	-	25,638,236	2,075,799		27,714,035
Purchase of services	75,928,866	54,006,918	31,415,953	109,658,950	271,010,687	-		271,010,687
Equipment rental	13,360	-	-	-	13,360	720		14,080
Equipment maintenance	18,007	-	-	-	18,007	74,488		92,495
Facility rent	3,117,155	-	-	-	3,117,155	395,631		3,512,786
Communications	222,285	-	-	-	222,285	20,616		242,901
Information technology	1,091,293	-	-	-	1,091,293	-		1,091,293
General office expense	177,677	-	-	-	177,677	313,349		491,026
Postage	54,900	-	-	-	54,900	2,899		57,799
Printing	45,419	-	-	-	45,419	2,678		48,097
Insurance	76,776	-	-	-	76,776	89,173		165,949
Legal fees	655,101	-	-	-	655,101	130,915		786,016
Board expenses	-	-	-	-	-	-		-
Equipment purchases	257,736	-	-	-	257,736	202,384		460,120
Consultant fees	246,991	-	-	-	246,991	280,338		527,329
Staff travel	19,522	-	-	-	19,522	569		20,091
General expenses	224,618	-	-	-	224,618	463,526		688,144
ARCA dues	51,645	-	-	-	51,645	16,744		68,389
Accounting fees	64,771	-	-	-	64,771	4,436		69,207
Total	\$ 107,904,358	\$ 54,006,918	\$ 31,415,953	\$ 109,658,950	\$ 302,986,179	\$ 4,074,265	\$	\$ 307,060,444

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

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**

STATEMENTS OF CASH FLOWS

Years Ended June 30	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (8,238)	\$ (5,099)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Receivable - State Regional Center contracts	(11,377,023)	(21,417,157)
Receivable - Intermediate Care Facility providers	117,532	23,101
Prepaid expenses	(42,034)	165,624
Other assets	(39,119)	(101,578)
Increase (decrease) in:		
Accounts payable	2,987,311	4,756,585
Advance - State Regional Center contracts	13,379,751	22,954,040
Accrued and other liabilities	282,132	133,945
Deferred revenue	-	(242,591)
Unexpended client support	89,216	(393,892)
Cash Provided By Operating Activities	5,389,528	5,872,978
Increase in Cash	5,389,528	5,872,978
Cash - Beginning of Year	26,990,876	21,117,898
Cash - End of Year	\$ 32,380,404	\$ 26,990,876
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Components of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 31,156,059	\$ 25,855,747
Cash - client trust funds	1,224,345	1,135,129
Total	\$ 32,380,404	\$ 26,990,876
SCHEDULE OF NONCASH		
Increase in due from state- leases	\$ (661,382)	\$ -
Increase in operating lease right-of-use assets	(42,591,236)	-
Increase in due from State - accrued vacation and other leave benefits	(74,684)	(108,488)
Decrease in due from State - deferred rent	1,807,752	271,279
Increase in accrued vacation and other leave benefits	74,684	108,488
Decrease in deferred rent	(1,807,752)	(271,279)
Increase in operating lease liability	43,252,618	-
Total	\$ -	\$ -

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

Eastern Los Angeles Regional Center For The Developmentally Disabled, Inc.

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities Eastern Los Angeles Regional Center for the Developmentally Disabled, Inc. (the Center), doing business as Eastern Los Angeles Regional Center, was incorporated on February 20, 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 Lanterman Act, the Center provides diagnostic evaluations, client program management and lifelong planning services for persons with developmental disabilities and their families. The areas served include the Los Angeles County Health Districts of Northeast Los Angeles, East Los Angeles, Alhambra, and Whittier.

The Act includes governance provisions regarding the composition of the Center's Board of Trustees (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 regional center board. To comply with the Act, the Center's 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.

Basis of Accounting The accompanying financial statements have been prepared on the accrual basis of accounting. The Center is reimbursed by the State for expenses incurred in operating the Center to the extent that the expenses are not covered by client support funds. Revenue is recognized when earned and expenses are recognized when the obligation is incurred. Reimbursements from the State are considered earned when a qualifying expense is incurred.

Financial Statement Presentation The Center's 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 Center 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. 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 statement of activities as net assets released from restrictions.

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which revenue is recognized.

Cash and Cash Equivalents For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. In accordance with the State Regional Center contracts, bank accounts are in the name of both DDS (State of California Department of Developmental Services) and the Center.

Significant Concentrations of Credit Risk The Center 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. Cash exceeded federally insured limits by \$33,483,686 and \$27,483,052 at June 30, 2023 and 2022, respectively. The Center has not experienced any loss and management believes it is not exposed to any significant credit risk on such accounts.

Receivable - State Regional Center Contract and Advances Contracts receivable represent amounts due from the State for reimbursement of expenditures made by the Center under the annual Regional Center contracts. Advances represent cash advances received by the Center under the annual Regional Center contracts. Amounts receivable from the State are offset against advances payable when the State notifies the Center that a right of offset exists.

The Center considers all amounts receivable under grant contracts to be collectible; accordingly, no allowance for doubtful accounts exists.

Receivable - Intermediate Care Facility Providers During the year ended June 30, 2011, various legislative changes were made to the *California Welfare and Institutions Code* retroactively to July 1, 2007, making Intermediate Care Facility (ICF) providers responsible for providing consumer day treatment and transportation services, and ultimately, making such services eligible for reimbursement under California's Home and Community Based Services (HCBS) Program, which is funded by the Medicaid Waiver grant (Medicaid). Previously, such services were not reimbursable by Medicaid because the funds were not directly billed and received by the ICFs. The legislative changes allow for DDS to bill these services to Medicaid and capture federal dollars.

Effective July 1, 2012, the Center began billing the ICFs directly for monthly consumer day treatment and transportation services. The State does not reimburse the Center for these costs and they are billed direct to and are collected from the ICFs. The Center receives a 1.5% administrative fee based on the funds received to cover the additional workload.

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

Eastern Los Angeles Regional Center For The Developmentally Disabled, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Leases The Center accounts for leases in accordance with FASB ASC 842. The Center is a lessee in noncancellable operating leases for office space. The Center 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 Center determines if an arrangement conveys the right to use an identified asset and whether the Center obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Center 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 Center 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 Center 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 Center is reasonably certain to exercise) for any class of underlying asset and instead recognize the lease payments in the statements of functional expenses.

Federal Grants The Center received two federal grants as of June 30, 2023 and 2022, as follows:

U.S. Department of Education: The Center is a sub-recipient to State of California DDS with regard to the Special Education Grants for Infants and Families, 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 was \$1,788,556 and \$1,772,870 for the years ended June 30, 2023 and 2022, respectively, and is included in State Regional Center contracts revenue on the statement of activities.

Eastern Los Angeles Regional Center For The Developmentally Disabled, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

U.S Department of Health and Human Services: The Center was a recipient of the CARES Act Provider Relief Fund made available to providers of health care services and supports, including agencies serving people with developmental disabilities. Allowable expenses under the Provider Relief Fund were to be used to prevent, prepare for and respond to coronavirus (COVID-19), and for related expenses or lost revenues attributable to COVID-19. Funding cannot be used where another source has reimbursed or is obligated to reimburse these expenses or losses. Revenue received from this program was \$0 and \$242,591 for the years ended June 30, 2023 and 2022, respectively, and is included in contributions and other revenue on the statement of activities.

Equipment Purchases In accordance with the State Regional Center contracts, all equipment purchased with contract funds is the property of the State. The Center 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 Center and owned by the State was \$1,628,007 and \$1,500,902 for the years ended June 30, 2023 and 2022, respectively. These balances include only the equipment that exceeds \$5,000 as required by System Award Management (SAM) guidelines.

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

Deferred Rent For the year ended June 30, 2022, the Center leases office facilities under lease agreements that are subject to scheduled acceleration of rental payments and rent abatements. The scheduled rent increases are amortized evenly over the life of the lease. The deferred rent liability represents the difference between the cash payments made and the amount expensed since inception of the lease. The Center has recorded a receivable from the State for the deferred rent liability to reflect the future reimbursement of the additional rent expense recognized. As of July 1, 2022, the adopted ASU No. 2016-02, *Leases* (Topic 842). As a result of this adoption, the Center no longer records deferred rent, rather ROU asset and lease liability. Refer to footnote 7 for more detail on the leases.

Unexpended Client Support The Center assumes a fiduciary relationship with certain clients who cannot manage their own finances. Client support funds are received from private and governmental sources, including the Social Security Administration and Veterans Administration. These funds are used primarily to offset clients' out-of-home placement and living costs, thereby reducing the amount expended by the Center. These funds are held in a separate bank account and interest earnings are credited to the clients' balances.

Revenue Concentration State Regional Center contract revenue is revenue received from the State in accordance with the Lanterman Act. Ninety-nine percent of revenue is derived from this source.

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Revenue and Revenue Recognition The Center 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 Center'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 Center 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. The Center received cost-reimbursable grants of \$96,800,696 and \$83,420,945 that have not been recognized in revenue at June 30, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred, with an advance payment of \$96,800,696 and \$83,420,945 at June 30, 2023 and 2022, respectively, recognized in the statement of financial position as advance – State Regional Center contracts.

Allocation of Expenses The statement of functional expenses allocates expenses for all funds to the program and supporting service categories based on a direct cost basis for purchase of services and 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.

Use of Estimates and Assumptions The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Income Taxes The Center has received tax-exempt status under Section 501(c)(3) of the *Internal Revenue Code*, and Section 23701(d) of the *California Revenue and Taxation Code*, and has been classified as an Center that is not a private foundation under Section 509(a) of the *Internal Revenue Code*. Accordingly, no provision for income taxes is included in the financial statements.

The Center accounts for income taxes in accordance with FASB ASC 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes and how an uncertain tax position is recognized in financial statements. The Center analyzes tax positions taken in previously filed returns and tax positions expected to be taken in future returns. Based on this analysis, a liability is recorded if uncertain tax benefits have been received. The Center's practice is to recognize interest and penalties, if any, related to uncertain tax positions in the tax expense. There were no uncertain tax positions identified or related interest and penalties recorded as of June 30, 2023 and 2022, and the Center does not expect this to change significantly over the next 12 months.

Eastern Los Angeles Regional Center For The Developmentally Disabled, Inc.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Change in Accounting Principle In February 2016, FASB issued ASU No. 2016-02, *Leases* (Topic 842). FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. The Center adopted FASB ASC 842, with an initial application of July 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Center did not restate prior comparative period as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of July 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. No cumulative effect adjustment to net assets as of July 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended June 30, 2023.

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases.
- Election not to reassess the lease classification for any expired or existing leases.
- Election not to reassess initial direct costs on any existing leases.

Other practical expedients:

- Election whereby the lease and non-lease components will not be separated for all classes of underlying assets.
- Election not to record ROU assets and lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs.

Subsequent Events Management has evaluated subsequent events through January 31, 2024, the date on which the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

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

June 30	2023	2022
Cash and cash equivalents	\$ 31,156,059	\$ 25,855,747
Receivable - State Regional Center contracts	106,628,366	95,251,343
Less: Advance - State Regional Center contracts	(96,800,696)	(83,420,945)
Receivable - Intermediate Care Facility providers	238,003	355,535
Total	\$ 41,221,732	\$ 38,041,680

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

According to the Center's contract with DDS, the State and the regional centers collaborate 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 Revise.

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, approximately ninety-nine percent (99%) of the enacted budget for operations and 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 to allocate funds among regional centers. In the event that DDS determines that a regional center has insufficient funds to meet its contractual obligations, DDS shall utilize proper legislative measures to secure additional funds and provide the regional center with regulatory and statutory relief.

The Center maintains a line of credit (Note 4) to manage cash flow requirements as needed to cover any delays in cash advances and reimbursements over the beginning of the fiscal year.

3. CASH - CLIENT TRUST FUNDS AND UNEXPENDED CLIENT SUPPORT

The Center functions as the custodian for the receipt of certain governmental payments and resulting disbursements made on behalf of a portion of the Center's clients. These cash balances are segregated from the operating cash accounts of the Center and are restricted for client support as reflected on the statements of financial position. Also recorded on the statements of financial position as unexpended support, which represents the net amount owed to the clients should the Center cease functioning as the custodian. Since the Center is acting as an agent in processing these transactions, no revenue or expense are reflected on the accompanying statements of activities.

The following is a summary of activity related to the client trust funds:

June 30		2023		2022
Unexpended Client Support - Beginning of the Year	\$	1,135,129	\$	1,529,021
Social Security and other client support received		8,900,711		8,385,068
Purchase of service disbursements		(8,901,230)		(8,668,491)
Change in accounts payable and accounts receivable		89,735		(110,469)
Unexpended Client Support - End of the Year	\$	1,224,345	\$	1,135,129

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

4. LINE OF CREDIT

The Center had a \$28,000,000 line of credit with City National Bank, secured by an interest in all personal property and assets of the Center. Interest on the outstanding balance was payable monthly at 1% below the bank's prime rate, which was 7.25% and 4.75% at June 30, 2023 and 2022, respectively, and amounted to \$0 and \$0 for the years ended June 30, 2023 and 2022, respectively. The line of credit expired on June 30, 2023. The Center extended the line of credit which is now scheduled to expire on June 30, 2024, with the same terms. The outstanding balance at June 30, 2023 and 2022, was \$0 and \$0, respectively.

5. FUNDING LIMITS

The Center's contract is funded by the State's General Fund and federal reimbursements. The contracts specify the level and nature of the services to be provided to developmentally disabled persons. 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 years as follows:

Years Ended June 30	Contract Amount	Cumulative Expenses	Unexpended Balance
2023	\$ 409,985,765	\$ 346,011,994	\$ 63,973,771
2022	\$ 344,491,334	\$ 304,859,907	\$ 39,631,427
2021	\$ 304,158,383	\$ 293,190,290	\$ 10,968,093

Management monitors the unexpended balance annually to avoid overspending the contract limits. Management believes that total expenditures for each open year will not exceed the final approved contract amount.

6. OTHER PURCHASED SERVICES

June 30	2023	2022
Nonmedical services professional	\$ 17,308,546	\$ 12,891,333
Nonmedical programs	21,920,963	18,785,641
Homecare programs	1,867,568	1,303,298
Transportation	4,661,677	3,559,570
Prevention services	17,956,060	14,665,741
Other authorized services	64,688,251	58,235,772
Personal and incidental	248,946	217,595
Total Other Purchased Services	\$ 128,652,011	\$ 109,658,950

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

7. LEASE COMMITMENTS

The Center has an operating lease agreement with Wittier-Penn Partners, Ltd., entered on July 1, 2014, for use of office space for 10 years.

The Center has an operating lease agreement with The Alhambra Office Community, LLC, entered on February 1, 2026, for use of a building for 12.5 years.

The facility leases include rent escalation clauses for insurance and real estate taxes.

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

Year Ended June 30, 2023

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$ 3,698,777
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	\$ -

As of June 30, 2023, maturities of operating lease liabilities were as follows:

Years Ending June 30	Total
2024	\$ 3,808,640
2025	3,628,830
2026	4,016,604
2027	3,581,510
2028	3,657,898
Thereafter	35,370,435
Total Lease Payments	54,063,917
Less: Present value adjustment	10,811,299
Present Value of Lease Liabilities	\$ 43,252,618

The table below present additional information related to the Center's leases:

June 30, 2023

Weighted average remaining lease term:	
Operating leases	13.02
Weighted average discount rate:	
Operating leases	3.35%

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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.

Disclosures Related to Periods Prior to the Adoption of ASU No. 2016

Future obligations on leases in effect at June 30, are as follows:

Years Ending June 30	
2023	\$ 3,698,777
2024	3,808,643
2025	3,628,829
2026	4,016,604
2027	344,432
Total	\$ 15,497,285

For the year ended June 30, 2022, total facility rent expense was \$3,512,786.

8. PENSION PLAN

The Center has a money purchase pension plan which was restated, effective April 1, 2005. The plan is available for all employees who have been continuously employed for one year and have worked at least 1,000 hours. The Center contributes 9% of a participant's eligible compensation, with no required contribution from participants. A participant vests in employer contributions at the rate of 20% for each year of service, with 100% vesting after five years. The total pension expense for the years ended June 30, 2023 and 2022 was \$1,750,245 and \$1,689,193, respectively.

In addition, the Center has a retirement plan pursuant to §403(b) of the *Internal Revenue Code*. Eligible participants are full-time employees who have completed one month of service. All eligible employees may make voluntary contributions by salary reduction to the plan, up to the limit allowed by law. The Center does not make a matching contribution to the §403(b) retirement plan.

9. LITIGATION CLAIMS AND CONTINGENCIES

Contingencies

The Center is dependent on continued funding provided by the DDS to operate and provide services for its clients. The Center's contract with the DDS provides funding for services under the Act. In the event that the operations of the Center result in a deficit position at the end of any contract year, the DDS may reallocate surplus funds within the State of California system to supplement the Center's funding. Should a system-wide deficit occur, the DDS is required to report to the governor of California and the appropriate fiscal committee of the State Legislature and recommend actions to secure additional funds or reduce expenditures. The DDS's recommendations are subsequently reviewed by the governor and the Legislature and a decision is made with regard to specific actions.

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

In accordance with the terms of the DDS contract, an audit may be performed by an authorized state representative. Should such an audit disclose any unallowable costs, the Center may be liable to the State for reimbursement of such costs. In the opinion of the Center's management, the effect of any disallowed costs would be immaterial to the financial statements at June 30, 2023.

Legal Proceedings

The Center 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 Center's financial position or activities.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Contract Year	Assistance Listing Number	Pass-Through Grant 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)				
	22/23	84.181A	H181A220037	\$ 1,788,556
Total U.S. Department of Education				1,788,556
Total Expenditures of Federal Awards				\$ 1,788,556

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Center under programs of the federal government for the year ended June 30, 2023. 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 Center, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Center.

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 allowed or are limited as to reimbursement. Part C expenditures are based on state contract budget allocations.

Indirect Cost Rate

The Center did not elect to use the 10% de minimis method for indirect cost rate allowed under the Uniform Guidance.

OTHER REPORTS SECTION

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

To the Board of Directors
Eastern Los Angeles Regional Center
for the Developmentally Disabled, Inc.
Alhambra, 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 Eastern Los Angeles Regional Center for the Developmentally Disabled, Inc. (the Center), which comprise the statement of financial position as of June 30, 2023, 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 January 31, 2024.

Internal Control Over Financial Reporting

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

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

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.

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

(Continued)

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
January 31, 2024

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

To the Board of Directors
Eastern Los Angeles Regional Center
for the Developmentally Disabled, Inc.
Alhambra, California

Report on Compliance for Each Major Federal Program

We have audited Eastern Los Angeles Regional Center for the Developmentally Disabled, Inc.'s, (the Center), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal programs for the year ended June 30, 2023. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

(Continued)

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Report on Internal Control Over Compliance

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

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

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

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

(Continued)

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

AGT CPAs & Advisors

AGT CPAs & Advisors

Redding, California

January 31, 2024

FINDINGS AND QUESTIONED COSTS SECTION

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2023

**SECTION I
SUMMARY OF AUDITORS' RESULTS**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
Identification of major programs:	
Assistance Listing Number	84.181A
Special Education – Grants for Infants and Families with Disabilities (Part C)	
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

**Eastern Los Angeles Regional Center
For The Developmentally Disabled, Inc.**
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2023

None