

**San Diego-Imperial Counties  
Developmental Services, Inc.**

San Diego, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2020



**San Diego-Imperial Counties Developmental Services Inc.**  
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June 30, 2020

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
San Diego-Imperial Counties Developmental Services Inc.  
San Diego, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of San Diego-Imperial Counties Developmental Services, Inc. (SDICDSI), a California nonprofit corporation, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility 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; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SDICDSI's preparation and fair presentation of the financial statements 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 SDICDSI's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITORS' REPORT

(Continued)

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SDICDSI as of June 30, 2020, 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.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the 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 October 21, 2021, on our consideration of SDICDSI'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 SDICDSI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SDICDSI's internal control over financial reporting and compliance.

*AGT CPAs & Advisors*

AGT CPAs & Advisors  
Redding, California  
October 21, 2021

## **FINANCIAL SECTION**

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**San Diego-Imperial Counties Developmental Services Inc.**  
**STATEMENT OF FINANCIAL POSITION**

June 30, 2020

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**ASSETS**

Cash and cash equivalents	\$ 22,620,351
Cash and cash equivalents - client trust funds	2,673,657
Receivable - State Regional Center contracts	150,800,143
Receivable - ICF providers	2,678,345
Sundry receivables, prepaids, and other assets	1,282,003
Due from state - deferred rent	665,908
Due from state - accrued vacation and retirement	33,368,625

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**TOTAL ASSETS** \$ 214,089,032

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**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 55,587,021
Advance - State Regional Center contracts	118,268,256
Accrued salaries and payroll taxes	1,601,035
Accrued pension contribution	118,170,921
Deferred rent	665,908
Accrued vacation leave benefits	2,591,516
Client trust funds liability	2,725,862

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**Total Liabilities** 299,610,519

**Net Assets (Deficit)**

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Without donor restrictions (85,521,487)

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**Total Net Assets (Deficit)** (85,521,487)

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**TOTAL LIABILITIES AND NET ASSETS (DEFICIT)** \$ 214,089,032

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

**San Diego-Imperial Counties Developmental Services Inc.**  
**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2020

<b>REVENUE</b>	
State Regional Center contracts	\$ 511,385,375
Intermediate Care Facility supplemental services income	10,011,080
Interest income	195,027
Contribution income	39,226
Other income	755,342
<b>TOTAL REVENUE</b>	<b>522,386,050</b>
<b>EXPENSES</b>	
<b>Program Services</b>	
Client services	44,248,755
Residential care	153,960,136
Day care and training	143,557,422
Medical programs	10,852,878
Respite service	51,067,445
Independent living costs	21,203,044
Transportation services	20,813,886
Prevention services	13,731,049
Other purchased services	44,983,330
<b>Total Program Services</b>	<b>504,417,945</b>
<b>Supporting Services</b>	
General and administrative	17,972,542
<b>Total Supporting Services</b>	<b>17,972,542</b>
<b>TOTAL EXPENSES</b>	<b>522,390,487</b>
<b>Change in Net Assets (Deficit) Before Pension-Related Changes Other Than Net Periodic Pension Cost</b>	<b>(4,437)</b>
<b>Pension-Related Changes Other Than Net Periodic Pension Cost</b>	<b>(38,005,074)</b>
<b>Change in Net Assets (Deficit)</b>	<b>(38,009,511)</b>
<b>Net Assets (Deficit) - Beginning of Year</b>	<b>(47,511,976)</b>
<b>Net Assets (Deficit) - End of Year</b>	<b>\$ (85,521,487)</b>

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

**San Diego-Imperial Counties Developmental Services Inc.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2020	Program Services						Balance Forward
	Client Services	Residential Care	Day Care and Training	Medical Programs	Respite Service	Independent Living Costs	
Salaries	\$ 33,295,433	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,295,433
Employee health and retirement benefits	10,063,968	-	-	-	-	-	10,063,968
Payroll taxes	469,442	-	-	-	-	-	469,442
<b>Total Salaries and Related Expenses</b>	<b>43,828,843</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,828,843</b>
Purchase of services	-	153,960,136	143,557,422	10,852,878	51,067,445	21,203,044	380,640,925
Facility rent	-	-	-	-	-	-	-
General expenses	-	-	-	-	-	-	-
Facility maintenance	-	-	-	-	-	-	-
Equipment purchases, rental, and maintenance	-	-	-	-	-	-	-
Outside services	-	-	-	-	-	-	-
Public information and education	-	-	-	-	-	-	-
Telephone	-	-	-	-	-	-	-
Legal fees	-	-	-	-	-	-	-
ARCA dues	-	-	-	-	-	-	-
Postage	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	419,912	-	-	-	-	-	419,912
Staff training	-	-	-	-	-	-	-
Accounting fees	-	-	-	-	-	-	-
Board of Directors' expenses	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 44,248,755</b>	<b>\$ 153,960,136</b>	<b>\$ 143,557,422</b>	<b>\$ 10,852,878</b>	<b>\$ 51,067,445</b>	<b>\$ 21,203,044</b>	<b>\$ 424,889,680</b>

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



**San Diego-Imperial Counties Developmental Services Inc.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
(Continued)

Year Ended June 30, 2020	Program Services				Supporting Services		Total Expenses
	Balance Brought Forward	Transportation Services	Prevention Services	Other Purchased Services	Total Program	General and Administrative	
Salaries	\$ 33,295,433	\$ -	\$ -	\$ -	\$ 33,295,433	\$ 3,674,892	\$ 36,970,325
Employee health and retirement benefits	10,063,968	-	-	-	10,063,968	2,086,987	12,150,955
Payroll taxes	469,442	-	-	-	469,442	51,813	521,255
<b>Total Salaries and Related Expenses</b>	<b>43,828,843</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,828,843</b>	<b>5,813,692</b>	<b>49,642,535</b>
Purchase of services	380,640,925	20,813,886	13,731,049	44,983,330	460,169,190	-	460,169,190
Facility rent	-	-	-	-	-	4,592,570	4,592,570
General expenses	-	-	-	-	-	1,631,743	1,631,743
Facility maintenance	-	-	-	-	-	1,127,703	1,127,703
Equipment purchases, rental, and maintenance	-	-	-	-	-	1,214,376	1,214,376
Outside services	-	-	-	-	-	777,068	777,068
Public information and education	-	-	-	-	-	1,404,325	1,404,325
Telephone	-	-	-	-	-	535,246	535,246
Legal fees	-	-	-	-	-	414,758	414,758
ARCA dues	-	-	-	-	-	-	-
Postage	-	-	-	-	-	70,224	70,224
Insurance	-	-	-	-	-	183,789	183,789
Utilities	-	-	-	-	-	66,366	66,366
Travel	419,912	-	-	-	419,912	45,689	465,601
Staff training	-	-	-	-	-	14,325	14,325
Accounting fees	-	-	-	-	-	51,500	51,500
Board of Directors' expenses	-	-	-	-	-	29,168	29,168
Interest expense	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 424,889,680</b>	<b>\$ 20,813,886</b>	<b>\$ 13,731,049</b>	<b>\$ 44,983,330</b>	<b>\$ 504,417,945</b>	<b>\$ 17,972,542</b>	<b>\$ 522,390,487</b>

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

**San Diego-Imperial Counties Developmental Services Inc.**  
**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2020

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (38,009,511)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Increase) decrease in:	
Receivable - State Regional Center contracts	(25,452,752)
Receivable - ICF providers	2,718,899
Sundry receivables, prepaids, and other assets	74,136
Due from state - accrued vacation leave benefits	(736,510)
Increase (decrease) in:	
Accounts payable	16,311,806
Advance - State Regional Center contracts	9,902,682
Accrued salaries and payroll taxes	(290,590)
Accrued pension contribution	38,166,726
Accrued vacation leave benefits	574,858
Client trust fund liability	831,041
<b>Net Cash Provided by Operating Activities</b>	<b>4,090,785</b>
<b>Net Increase in Cash</b>	<b>4,090,785</b>
<b>Cash - Beginning of Year</b>	<b>21,203,223</b>
<b>Cash - End of Year</b>	<b>\$ 25,294,008</b>
<b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>	
Cash and cash equivalents	\$ 22,620,351
Cash and cash equivalents - client trust funds	2,673,657
<b>Total Cash and Cash Equivalents</b>	<b>\$ 25,294,008</b>

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

# San Diego-Imperial Counties Developmental Services Inc.

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities** San Diego - Imperial Counties Developmental Services, Inc. (SDICDSI) is a nonprofit public benefit corporation, the primary purpose of which is to contract with the State of California Department of Developmental Services (DDS) and other governmental agencies to operate a regional center for persons with developmental disabilities and their families. SDICDSI 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). Contracts with the State and other agencies are generally renewed on an annual basis and provide a limit on expenditures and the respective contract funding. The period of expenditure reimbursement may, in some cases, extend beyond one year. Required services provided include outreach, diagnosis, assessment, counseling, prevention services, public information and education, and advocacy to persons with developmental disabilities and their families residing in San Diego and Imperial Counties.

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

The regional center contracts between SDICDSI and the DDS stipulates that funded expenditures are not to exceed contracted amounts. Total contract amounts for the three open claim years were \$508,388,752, \$438,598,438 and \$395,524,937 for the 2019-2020, 2018-2019 and 2017-2018 contract years, respectively. Actual net expenditures under the regional center contracts for the 2019-2020, 2018-2019 and 2017-2018 were \$503,196,178, \$433,520,233, and \$393,399,954, respectively, as of June 30, 2020.

As discussed above, SDICDSI operates under contracts with the DDS. Contract revenue is funded on a cost reimbursement basis. The net deficit reported as of June 30, 2020, on the statement of financial position is primarily the result of SDICDSI's defined benefit pension plan. As further discussed in Note 5, accounting standards require SDICDSI to recognize as a change to net assets the actuarial losses and prior service cost which amounted to \$87,393,812 as of June 30, 2020. For purposes of reporting periodic benefit costs, the unrecognized actuarial losses and prior service costs will continue to be amortized into plan expenses over future years. Periodic benefit costs under the defined benefit pension plan are reimbursed under the DDS contract as SDICDSI funds the plan. Although SDICDSI expects that the plan costs will ultimately be funded over future years, plan funding will depend on continued funding by the DDS.

## San Diego-Imperial Counties Developmental Services Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Basis of Accounting** The accompanying financial statements have been prepared on the accrual basis of accounting. SDICDSI is reimbursed by the State for expenses incurred in operating the regional center to the extent that the expenses are not covered by client support funds.

**Financial Statement Presentation** SDICDSI'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, SDICDSI 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 statements of activities as net assets released from restrictions.

As of June 30, 2020, SDICDSI had no net assets with donor restrictions.

**Fund Accounting** The accounts of SDICDSI are maintained in accordance with the principles of fund accounting. Under fund accounting, resources are classified for accounting and reporting considerations into funds established according to their nature and purpose.

**Cash and Cash Equivalents and Concentrations of Credit Risk** For purposes of the statement of cash flows, SDICDSI considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

SDICDSI maintains substantially all of its cash and temporary cash investments at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2020, cash exceeded federally insured limits by \$29,354,779. SDICDSI has not experienced any loss and management believes it is not exposed to any significant credit risk on such accounts.

**State Regional Center Contract Receivables and Advances** Contracts receivable from state and federal agencies and contract support are recorded on the accrual method as related expenses are incurred. Contracts receivable represent amounts due from the State for reimbursement of expenditures made by SDICDSI under the annual Regional Center contracts. Advances represent cash advances received by SDICDSI under the annual Regional Center contracts. Amounts receivable from the State are offset against advances payable when the State notifies SDICDSI that a right of offset exists.

## San Diego-Imperial Counties Developmental Services Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

**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 transportation services related to SDICDSI's Intermediate Care Facility (ICF) services. The federal rules allow for only one provider of the ICF service, requiring all the Medicaid funding for the ICF resident to go through the applicable vendors.

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

**Property and Equipment** Pursuant to the terms of the DDS contract, SDICDSI equipment purchases become the property of DDS and, accordingly, are charged as expense when incurred. SDICDSI is required to maintain memorandum records of equipment purchases and dispositions.

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

**Client Trust Funds** SDICDSI 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 SDICDSI. 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 of California in accordance with the Lanterman Act. Approximately ninety-nine percent of revenue is derived from this source.

**Revenue and Revenue Recognition** SDICDSI 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.

## San Diego-Imperial Counties Developmental Services Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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A significant portion of SDICDSI'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 SDICDSI 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. SDICDSI received cost-reimbursable grants of \$118,268,256 that have not been recognized in revenue at June 30, 2020, because qualifying expenditures have not yet been incurred, with an advance payment of \$118,268,256 recognized in the statement of financial position as Advance – State Regional Center contracts.

**Leave and Retirement Benefits** SDICDSI has accrued a liability for leave benefits earned and retirement obligations. However, such benefits are reimbursed under the DDS contract only when actually paid. SDICDSI has also recorded a receivable from the DDS for the accrued benefits to reflect the future reimbursement of such benefits.

**Defined Benefit Pension Plan** SDICDSI recognizes the funded status of a benefit plan, measured as the difference between plan assets at fair value and the benefit obligation, in the statements of financial position, with an offsetting charge or credit to net assets. Gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net period benefit cost will be recognized each year as a separate charge or credit to net assets (deficit).

**Allocation of Expenses** The statement of functional expenses allocates expenses to the program and supporting service categories based on a direct-cost basis for purchase of services expenses, including salaries and related expenses. Operating expenses are allocated to supporting services, except for travel, which is allocated on a direct-cost basis.

**Use of Estimates and Assumptions** Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues, and expenses. Principal areas requiring the use of estimates include allocation of expenses on the statement of functional expenses and defined benefit pension plan assumptions. Actual results could vary from the estimates that were assumed in preparing the financial statements.

**Income Taxes** SDICDSI 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* and Section 23701(d) of the *California Revenue and Taxation Code*. Tax-exempt status is generally granted to nonprofit entities organized for charitable or mutual benefit purposes.

SDICDSI 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. SDICDSI 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. SDICDSI'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, 2020, and SDICDSI does not expect this to change significantly over the next 12 months.

## San Diego-Imperial Counties Developmental Services Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Recently Issued Accounting Pronouncements** In May 2014 the FASB issued a new standard on revenue recognition, ASU 2014-09, *Revenue from Contracts with Customers*, with the intent of creating a new, principle-based revenue recognition framework. The ASU creates a new topic in the FASB Accounting Standards Codification, Topic 606, in addition to superseding and replacing nearly all existing U.S. GAAP revenue recognition guidance. The main provisions of the ASU are:

- Establish a new control-based revenue recognition model.
- Changes the basis for deciding when revenue is recognized over time or at a point in time.
- Provides new and more detailed guidance on specific topics.
- Expands and improves disclosures about revenue.

In May 2020, the FASB issued ASU 2020-05, which delayed the effective date of the standard to fiscal years beginning after December 15, 2019. Management is currently evaluating the impact of this ASU on its financial statements.

In February 2016 the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about lease arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021. Management is currently evaluating the impact of this standard on its financial statements.

**Change in Accounting Principle** On June 21, 2018 the FASB Issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update addresses whether a grant, contract, or agreement is a contribution or an exchange transaction based on whether SDICDSI is receiving commensurate value in return. If commensurate value is received by the contributor it is accounted for as an exchange transaction. If commensurate value is not received by the contributor it is accounted for as a contribution. SDICDSI has implemented ASU 2018-08 and has adjusted the presentation in these financial statements accordingly. The ASU had no material effect on previously reported net assets.

**Subsequent Events** SDICDSI's management has evaluated subsequent events from the statement of financial position date through October 21, 2021, the date at which the financial statements were available to be issued for the year ended June 30, 2020.

# San Diego-Imperial Counties Developmental Services Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The COVID-19 outbreak in the United States, and the ensuing Governor's Stay at Home Order that began in March 2020, resulted in temporary business changes through modifications of SDICDSI's operations and offices. SDICDSI is currently developing a plan for employees to return to the offices and for normal operations to resume. SDICDSI has made arrangements to conduct its business both on premises and remotely during this time. Currently the California State budget has a growth increase contained in it for the regional center system and there are no triggers to reduce spending even if State revenues are lower than expected.

### 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, 2020

Cash and cash equivalents	\$ 22,620,351
Receivable - State Regional Center Contracts	150,800,143
Less: Advance State Regional Center Contracts	(118,268,256)
Receivable - Intermediate Care Facility	2,678,345
<b>Total</b>	<b>\$ 57,830,583</b>

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

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



**San Diego-Imperial Counties Developmental Services Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

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**3. CASH – CLIENT TRUST FUNDS**

SDICDSI functions as custodian for receipt of certain governmental payments and resulting disbursements made on behalf of regional center clients. The cash balances are segregated from the operating cash accounts of SDICDSI and are restricted for client support. The following is a summary of the client trust operating cash activity:

Year Ended June 30, 2020

Social security and other client support received	\$ 24,172,649
Residential care and other disbursements	23,341,608
<b>Support Over (Under) Disbursements</b>	<b>831,041</b>
Changes to reconcile support over disbursements to net cash for support and care activities:	
Increase (decrease) in amounts due to SDICDSI	107,460
(Increase) decrease in receivable from state and federal agencies	(372,333)
<b>Increase (Decrease) in Cash</b>	<b>566,168</b>
<b>Cash - Beginning of Year</b>	<b>2,107,489</b>
<b>Cash - End of Year</b>	<b>\$ 2,673,657</b>

**4. LINE OF CREDIT**

At July 1, 2019, SDICDSI had a revolving line of credit agreement with MUFG Union Bank whereby it could borrow up to \$50,000,000. Borrowings were secured by substantially all assets of SDICDSI with interest payable monthly at the banks reference rate, which was 4.25% at July 1, 2019. The line of credit was not drawn on during the fiscal year and expired on October 1, 2019. Subsequent to the expiration date the line of credit was renewed for \$60,000,000 and expired on October 1, 2020.

**5. DEFINED BENEFIT PENSION PLAN**

Effective July 1, 2004, SDICDSI adopted a defined benefit pension plan to provide retirement benefits for all employees. The benefits under the plan are funded in accordance with the insurance company contracts. SDICDSI is required to contribute an amount to the plan, after employee contributions to the retirement plan of 6.2%, which is necessary to purchase the contracts that will fund the retirement benefits.

## San Diego-Imperial Counties Developmental Services Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The following table sets forth the plan's funded status:

#### Reconciliation of Benefit Obligation

Year Ended June 30, 2020

##### CHANGE IN BENEFIT OBLIGATION

<b>Benefit Obligation - Beginning of Year</b>	\$ 166,684,547
Service cost	5,570,962
Interest cost	5,888,191
Actuarial (gain) loss	36,781,637
Benefit paid	(3,686,185)
<b>Benefit Obligation - End of Year</b>	<b>\$ 211,239,152</b>

##### CHANGE IN PLAN ASSETS

<b>Fair Value of Plan Assets - Beginning of Year</b>	\$ 86,680,352
Actual return on plan assets	1,739,047
Employer contribution	8,335,017
Benefit paid	(3,686,185)
<b>Fair Value of Plan Assets - End of Year</b>	<b>\$ 93,068,231</b>
<b>Net Amount Recognized in the Statement of Financial Position</b>	<b>\$ 118,170,921</b>

Net periodic postretirement benefit cost consisted of the following components:

Year Ended June 30, 2020

Service cost	\$ 5,570,962
Interest cost	5,888,191
Expected return on plan assets	(6,015,334)
Amortization of net loss (gain)	3,052,850
<b>Net Periodic Benefit Cost</b>	<b>\$ 8,496,669</b>

All previously unrecognized actuarial gains or losses are reflected in the statements of financial position. The plan items not yet recognized as a component of periodic plan expenses, but included as a separate charge to net assets (deficit), are:

Year Ended June 30, 2020

Unamortized net loss	\$ 87,393,812
<b>Total</b>	<b>\$ 87,393,812</b>

## San Diego-Imperial Counties Developmental Services Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The above net amounts recognized as a separate charge to net assets (deficit) do not have an offsetting accrual from the DDS to reflect the future reimbursement of such benefits. SDICDSI has accrued a receivable from the DDS for the balance of the accrued benefit obligation of \$30,777,109 as of June 30, 2020, representing the portion of the accrued benefit obligation which has been recognized as plan expense.

The accumulated benefit obligation was \$177,991,008 at June 30, 2020.

#### Assumptions

Weighted-average assumptions used to determine benefit obligations were as follows:

Year Ended June 30, 2020

Discount rate	2.67%
Rate of compensation increase	3.00%

Weighted-average assumptions used to determine net periodic benefit cost were as follows:

Year Ended June 30, 2020

Discount rate	2.67%
Long-term rate of return	6.75%
Rate of compensation increase	3.00%
Increase in IRS limits	3.00%

Weighted-average asset allocations at year-end were as follows:

Year Ended June 30, 2020

<b>Asset Category</b>	
Equity securities	62%
Debt securities	31%
Insurance company general account	7%
<b>Total</b>	<b>100%</b>

The investment objective of the plan is to provide a rate of return commensurate with a moderate degree of risk of loss of principal and return volatility. The pension plan assets are invested in a Group Annuity Contract through Minnesota Life Insurance Company. Investment responsibility for the assets is assigned to an Investment Policy Committee of the board of directors of SDICDSI. The assets of the plan are periodically rebalanced to remain within the desired target allocations.

Historical rates of return for individual asset classes and future estimated returns, reduced by expected expense adjustments, are used to develop expected rates of return. These rates of return are applied to the plan's investment policy to determine a range of expected returns.

**San Diego-Imperial Counties Developmental Services Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

The salary increase assumption is based on several factors which include, but are not limited to, employee productivity, promotions, the employer's expectations of future increases, historical trends, expected inflation, and survey results.

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value:

June 30, 2020	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Money market funds	\$ 821,550	\$ 821,550	\$ -	\$ -
Index funds	3,049,980	3,049,980	-	-
<b>Mutual Funds</b>				
Thornburg Strategic Income R5	28,191,377	28,191,377	-	-
T. Rowe Price Large Cap Growth	14,329,083	14,329,083	-	-
Amer Funds New Persp Fund, R6	11,011,324	11,011,324	-	-
Morgan Stanley Inst Intl Opp I	7,304,285	7,304,285	-	-
Eaton Vance Atlanta Smid-Cap A	7,303,203	7,303,203	-	-
Minnesota Life General Account	6,201,361	6,201,361	-	-
Causeway Intl Value Instl	4,261,213	4,261,213	-	-
TIAA-Cref Intl Eq Idx Instl	3,471,295	3,471,295	-	-
Janus Henderson Triton N	3,190,403	3,190,403	-	-
Perkins Small Cap Value	2,431,635	2,431,635	-	-
Invesco Diversified Dividend R5	1,501,522	1,501,522	-	-
<b>Total</b>	<b>\$ 93,068,231</b>	<b>\$ 93,068,231</b>	<b>\$ -</b>	<b>\$ -</b>

**Estimated Future Benefit Payments**

The following estimated future benefit payments, which reflect expected future service, as appropriate, are expected to be paid on a fiscal year basis:

Year Ending June 30	Amount
2021	\$ 4,946,860
2022	5,280,103
2023	5,634,097
2024	5,589,659
2025	6,028,344
Thereafter	35,691,257
<b>Total</b>	<b>\$ 63,170,320</b>

**Contributions**

SDICDSI expects to contribute at least the minimum funding requirement to this plan in the fiscal year ending in 2021. In addition, SDICDSI may contribute additional amounts not yet determined.

**San Diego-Imperial Counties Developmental Services Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Continued)**

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**6. COMMITMENTS AND CONTINGENCIES**

**Leases**

SDICDSI leases facilities and certain equipment under operating leases expiring in various years through 2032. These leases, which may be renewed for periods up to five years, generally require the lessee to pay all maintenance, insurance, and property taxes and contain a termination clause in the event the annual contract between DDS and SDICDSI is not renewed. Several leases are subject to periodic adjustment based on price indices or cost increases.

Future minimum lease payments by SDICDSI for operating leases are as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2021	\$ 3,403,772
2022	3,482,489
2023	3,420,742
2024	3,032,685
2025	2,536,414
Thereafter	14,861,115
<b>Total</b>	<b>\$ 30,737,217</b>

Rental expense for facilities and equipment for the year ended June 30, 2020, was \$4,922,060.

**Agreement with Insurance Company**

SDICDSI had entered into an agreement with an insurance company that required an irrevocable standby letter of credit for workers' compensation insurance. SDICDSI was to pay or reimburse the insurance company for all premiums, administrative expenses, and claims incurred through March 1, 2006 up to a retained limit of \$250,000 per incident. This agreement required SDICDSI to establish, in favor of the insurance company, an irrevocable standby letter of credit for \$200,000 as security for the agreement. Effective March 1, 2006, SDICDSI changed its workers' compensation carrier and acquired non-participating coverage. The standby letter of credit of \$200,000 related to the prior policy is being maintained as security for any potential prior policy claims.

**Contingencies**

In accordance with the terms of the DDS contract, an audit may be performed by an authorized state representative. Should such audit disclose any unallowable costs, SDICDSI may be liable to the state for reimbursement of such costs. In the opinion of SDICDSI's management, the effect of any disallowed costs would be immaterial to the financial statements at June 30, 2020, and for the year then ended.

**San Diego-Imperial Counties Developmental Services Inc.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**(Continued)**

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SDICDSI is dependent on continued funding provided by DDS to operate and provide services for its clients. SDICDSI's contract with DDS provides funding for services under the Lanterman Act. In the event that the operations of SDICDSI result in a deficit position at the end of any contract year, DDS may reallocate surplus funds within the state of California system to supplement SDICDSI's funding. Should a system-wide deficit occur, 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. DDS's recommendations are subsequently reviewed by the governor and the Legislature and a decision is made with regard to specific actions.

SDICDSI has elected to self-insure its unemployment insurance. SDICDSI is required to reimburse the state of California for benefits paid to its former employees. In addition, SDICDSI has elected to self-insure a portion of its employee benefits based on actual costs of dental services performed.

**SUPPLEMENTARY INFORMATION SECTION**

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**San Diego-Imperial Counties Developmental Services Inc.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Contract Year	Pass-Through Grant Number	Federal CFDA Number	Disbursements/ Expenditures
<b>FEDERAL</b>				
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Passed Through State of California</b>				
<b>Department of Developmental Services -</b>				
Special Education - Grants for Infants and Families with Disabilities (Part C)	19/20	H181A180037	84.181A	\$ 2,915,349
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				2,915,349
<b>Total Expenditures of Federal Awards</b>				<b>\$ 2,915,349</b>

*The accompanying note is an integral part of these financial statements.*

**Purpose of Schedules**

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with the Uniform Guidance and state requirements.

**Basis of Presentation**

The Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of The accompanying Schedule of Expenditures of Federal Awards includes the federal grants activity of San Diego-Imperial Counties Developmental Services, Inc. and is presented on the accrual basis of accounting as provided by the California Department of Developmental Services. The information in this schedule is presented in accordance with the requirements the Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations.

**Indirect Cost Rate**

San Diego-Imperial Counties Developmental Services, Inc. did not elect to use the 10% de minimis method for indirect costs.



**OTHER REPORTS SECTION**

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

To the Board of Directors  
San Diego-Imperial Counties Developmental Services, Inc.  
San Diego, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of San Diego-Imperial Counties Developmental Services, Inc., a California nonprofit corporation (SDICDSI), which comprise the statement of financial position as of June 30, 2020, 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 October 21, 2021.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered SDICDSI's internal control over financial reporting (internal control) to determine the 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 SDICDSI's internal control. Accordingly, we do not express an opinion on the effectiveness of SDICDSI'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 SDICDSI'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 SDICDSI'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 determination of 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 result of that testing, and not to provide an opinion on the effectiveness of SDICDSI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SDICDSI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*AGT CPAs & Advisors*

AGT CPAs & Advisors  
Redding, California  
October 21, 2021



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

To the Board of Directors  
San Diego-Imperial Counties Developmental Services, Inc.  
San Diego, California

**Report on Compliance for Each Major Federal Program**

We have audited San Diego-Imperial Counties Developmental Services, Inc.'s (SDICDSI), a California nonprofit corporation 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 SDICDSI's major federal program for the year ended June 30, 2020. SDICDSI's major federal program is 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 program.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for SDICDSI's major federal program 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 (CFR) 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 SDICDSI'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 SDICDSI'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, SDICDSI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

***Report on Internal Control Over Compliance***

Management of SDICDSI 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 SDICDSI's internal control over compliance with the types of requirements that could have a direct and material effect on the 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 SDICDSI'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  
October 21, 2021

## **FINDINGS AND RECOMMENDATIONS SECTION**

**San Diego-Imperial Counties Developmental Services Inc.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
June 30, 2020

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**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:	
CFDA No.      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?	No

**SECTION II FINDINGS**  
**FINANCIAL STATEMENT AUDIT**

None

**SECTION III FINDINGS**  
**FEDERAL AWARDS AUDIT**

None



**San Diego-Imperial Counties Developmental Services Inc.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2020**

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None