

Harbor Regional Center
Audit Committee Meeting
December 7, 2023
Meeting Minutes

In attendance: Angie Rodriguez, Laurie Zaleski, Patrick Ruppe, Judy Wada, Ute Czemmel, Tes Castillo, Kristel Maikranz, and Randal Burris
Absent: Fu-Tien Chiou (Chair)

The Audit Committee held a meeting on December 7, 2023 at 11:00 am via Zoom.

Fiscal Year 2023 Audit

Kristel Maikranz from AGT presented the committee with the draft financial statements and draft board report for the Fiscal Year 2023. The committee reviewed the board report and the schedule of findings and questioned costs of the draft financial statements. Changes to the financial statements compared to the prior year included updated language to reflect person centered thinking and the adoption of FASB ASC 842 on leases, which added additional line items to the statement of financial position and statement of activities, and added disclosures to the footnotes.

Kristel reported that AGT will be issuing an unmodified opinion on the financial statement audit. AGT will also be issuing an unmodified opinion on the compliance audit relating to the major federal program. No material weaknesses were identified and no significant deficiencies were reported. This is the highest level of assurance that can be given.

The committee reviewed a comparison of the statement of functional expenses for Fiscal Years 2022 and 2023.

Due to the absence of the audit committee chair, the audit committee will approve the draft financial statements at a later time.

Following both presentations, the audit committee members went into executive session with AGT. After the executive session, the auditors were excused.

Fiscal Year 2024 Auditors

As this is the last year of AGT's five- (5) year audit term, Judy Wada presented a proposal from Windes for the next five (5) years covering Fiscal Years 2024 to 2028. Windes conducted HRC's audits for the five (5) years prior to AGT, Fiscal Years 2014 to 2018, and for many years up to Fiscal Year 2011.

Due to the absence of the audit committee chair, the audit committee will approve the engagement of a new accounting firm at a later time.

Schedule and Tax Filing

Judy will present the financial statements to the Executive Committee on January 4, 2024, and AGT will present the financial statements to the Board on January 16, 2024. Preparation of the Form 990 will then take place for submission to the Executive Committee on May 7, 2024 and subsequent distribution to the full board. Filing deadline for the Form 990 is May 15, 2024.

Audit Committee Approvals

The committee members voted via email to approve the Fiscal Year 2022-2023 draft financial statements and board report. The committee members also voted to approve the proposal from Windes to conduct the audit for the next five (5) years beginning with Fiscal Year 2023-24. The Audit Committee approved both on December 20, 2023.

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**Harbor Developmental Disabilities
Foundation, Inc.**

Torrance, California

REPORT TO THE BOARD OF TRUSTEES

June 30, 2023

DRAFT

To the Board of Trustees
Harbor Developmental Disabilities Foundation, Inc.
Torrance, California

We have audited the financial statements of Harbor Developmental Disabilities Foundation, Inc. dba Harbor Regional Center (the Foundation), as of and for the year ended June 30, 2023, and have issued our report thereon dated **DATE**. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 31, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Foundation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Safeguards have been implemented to reduce the threats on our independence. These safeguards include continuing education related to independence and ethics requirements; external peer review of our firm's quality control system; our firm's internal policies and procedures which are designed to monitor compliance with the independence requirements; and the involvement of another firm member who is responsible for completing an independent technical review of the financial statements.

Significant Risks Identified

We have identified the following significant risks:

- Improper revenue recognition – standard audit risk
- Management override of internal controls – fraud risk
- Multiple grant years open at once – audit risk
- Fictitious vendors – fraud risk

Qualitative Aspects of the Foundation's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Foundation are included in Note 1 to the financial statements. As described in Note 7 to the financial statements, during the year, the Foundation changed its method of accounting for leases by adopting ASU 2016-02 *Leases* (Topic 842). Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported on the financial statements.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the estimates of net receivable – state regional center contracts and the allocation of functional expenses.

Management's estimate of the net receivable – state regional center contracts is based on management's historical experience. Management's estimate of the functional expense allocation is based on the proportion of staff salaries applicable to each program. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Foundation's financial statements relate to lease commitments due to the implementation of the new lease standard.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. During the year we did not note any significant unusual transactions that needed to be brought to the attention of management.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Foundation's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There were no such circumstances to communicate.

Representations Requested from Management

We have requested certain written representations from management, that are included in the management representation letter dated DATE.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the Foundation, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Foundation's auditors.

This report is intended solely for the information and use of the Board of Trustees and management of Harbor Developmental Disabilities Foundation, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

AGT CPAs & Advisors
Redding, California
DATE

DRAFT

Harbor Developmental Disabilities Foundation

Torrance, California

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

June 30, 2023 and 2022

Harbor Developmental Disabilities Foundation

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June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Harbor Developmental Disabilities Foundation
Torrance, California

Report on the Financial Statements

Opinion

We have audited the financial statements of Harbor Developmental Disabilities Foundation dba Harbor Regional Center, a California nonprofit corporation (the Foundation), 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 Foundation 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 audit 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 Foundation 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.

Responsibility 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 Foundation's ability to continue as a going concern for one year after the date 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 Foundation'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 Foundation'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)

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 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 **DATE**, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Foundation's internal control over financial reporting and compliance.

AGT CPAs & Advisors

Redding, California

DATE

FINANCIAL SECTION

DRAFT

Harbor Developmental Disabilities Foundation

STATEMENTS OF FINANCIAL POSITION

June 30,	2023	2022
ASSETS		
Cash and cash equivalents	\$ 35,192,909	\$ 22,490,752
Cash - client trust funds (Note 4)	785,366	709,102
Corporate bonds	98,280	98,070
Net receivable - State Regional Center contracts (Note 5)	885,202	6,140,202
Receivable - Intermediate Care Facility providers	667,418	850,943
Prepaid expenses	823,225	677,856
Other assets	120,415	88,217
Due from State - accrued vacation leave benefits	1,810,727	1,582,008
Due from State - deferred rent	-	13,022,109
Due from State - leases	12,975,969	-
Operating lease right-of-use assets	56,877,188	-
TOTAL ASSETS	\$ 110,236,699	\$ 45,659,259
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 36,964,439	\$ 27,848,045
Accrued and other liabilities	639,049	2,292,932
Accrued vacation leave benefits	1,810,727	1,582,008
Deferred rent	-	13,022,109
Unexpended client trust funds (Note 4)	785,366	709,102
Operating lease liability - current portion	2,943,935	-
Operating lease liability - long-term portion	66,909,222	-
Total Liabilities	110,052,738	45,454,196
Net Assets		
Without donor restrictions	183,961	205,063
Total Net Assets	183,961	205,063
TOTAL LIABILITIES AND NET ASSETS	\$ 110,236,699	\$ 45,659,259

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

Harbor Developmental Disabilities Foundation

STATEMENTS OF ACTIVITIES

Years Ended June 30	2023	2022
SUPPORT AND REVENUE		
State Regional Center contracts	\$ 347,575,461	\$ 298,460,983
Intermediate Care Facility supplemental services income	1,891,155	2,511,016
Intermediate Care Facility administrative fee	31,578	44,870
Interest income	32,030	29,603
Donations and other income	135,001	204,179
Total Support and Revenue	349,665,225	301,250,651
EXPENSES		
Program services:		
Direct services	346,059,036	298,190,496
Supporting services:		
General and administrative	3,627,291	3,090,305
Total Expenses	349,686,327	301,280,801
Changes in Net Assets Without Donor Restrictions	(21,102)	(30,150)
Net Assets - Without Donor Restrictions - Beginning of Year	205,063	235,213
Net Assets - Without Donor Restrictions - End of Year	\$ 183,961	\$ 205,063

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

Harbor Developmental Disabilities Foundation

STATEMENTS OF FUNCTIONAL EXPENSES

	Program Services	Supporting Services	Total Expenses
	Direct Services	General and Administrative	
Year Ended June 30, 2023			
Purchase of Services			
Residential care facilities	\$ 117,674,717	\$ -	\$ 117,674,717
Day program	74,191,139	-	74,191,139
Other purchased services	109,608,447	-	109,608,447
Total Purchase of Services	301,474,303	-	301,474,303
Salaries and Related Expenses:			
Salaries	24,698,424	1,773,627	26,472,051
Employee health and retirement benefits	6,681,022	479,773	7,160,795
Payroll taxes	350,564	25,175	375,739
Facility Lease expense - operating	4,500,243	425,518	4,925,761
Grants to providers	2,426,086	-	2,426,086
Equipment purchases	1,858,173	133,438	1,991,611
Equipment and facility maintenance	1,524,524	109,478	1,634,002
General expenses	666,588	47,869	714,457
Communication	605,385	43,473	648,858
Contract/consulting services	397,335	28,533	425,868
Legal fees	-	349,546	349,546
Insurance	204,892	83,096	287,988
Facility Lease expense - variable	243,433	17,481	260,914
Office expenses	227,339	16,325	243,664
Printing	112,675	8,091	120,766
Lease expense - short-term	68,067	4,888	72,955
Accounting fees	-	60,800	60,800
Travel	19,983	1,435	21,418
Board expenses	-	18,745	18,745
Total	\$ 346,059,036	\$ 3,627,291	\$ 349,686,327

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

Harbor Developmental Disabilities Foundation

STATEMENTS OF FUNCTIONAL EXPENSES

(Continued)

Year Ended June 30, 2022	Program Services	Supporting Services	Total Expenses
	Direct Services	General and Administrative	
Purchase of Services			
Residential care facilities	\$ 103,355,109	\$ -	\$ 103,355,109
Day program	73,587,120	-	73,587,120
Other purchased services	83,225,592	-	83,225,592
Total Purchase of Services	260,167,821	-	260,167,821
Salaries and Related Expenses:			
Salaries	21,778,949	1,484,188	23,263,137
Employee health and retirement benefits	5,927,832	403,969	6,331,801
Payroll taxes	308,211	21,004	329,215
Facility rent	4,466,666	448,546	4,915,212
Equipment and facility maintenance	1,561,110	106,386	1,667,496
Equipment purchases	1,419,766	96,754	1,516,520
General expenses	908,597	61,919	970,516
Contract/consulting services	382,499	26,066	408,565
Communication	510,942	34,820	545,762
Insurance	176,596	82,227	258,823
Office expenses	234,215	15,961	250,176
Legal fees	-	235,896	235,896
Grants to providers	224,812	-	224,812
Printing	114,808	7,824	122,632
Accounting fees	-	52,000	52,000
Board expenses	-	12,222	12,222
Travel	7,672	523	8,195
Total	\$ 298,190,496	\$ 3,090,305	\$ 301,280,801

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

Harbor Developmental Disabilities Foundation

STATEMENTS OF CASH FLOWS

Years Ended June 30	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (21,102)	\$ (30,150)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in:		
Net receivable - State Regional Center contracts	5,255,000	(5,578,442)
Receivable - Intermediate Care Facility providers	183,525	510,704
Prepaid expenses	(145,369)	172,459
Other assets	(32,198)	30,567
Increase (decrease) in:		
Accounts payable	9,116,394	(235,251)
Accrued and other liabilities	(1,653,883)	909,120
Unexpended client trust funds	76,264	14,197
Net Cash Provided (Used) By Operating Activities	12,778,631	(4,206,796)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(50,000)	(50,000)
Proceeds from sale of investments	49,790	52,272
Net Cash Provided (Used) By Investing Activities	(210)	2,272
Net Increase (Decrease) in Cash and Cash Equivalents	12,778,421	(4,204,524)
Cash and Cash Equivalents - Beginning of Year	23,199,854	27,404,378
Cash and Cash Equivalents - End of Year	\$ 35,978,275	\$ 23,199,854
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 35,192,909	\$ 22,490,752
Cash client trust funds	785,366	709,102
Total Cash and Cash Equivalents	\$ 35,978,275	\$ 23,199,854
SCHEDULE OF NONCASH		
(Increase) decrease in due from state - accrued vacation leave benefits	\$ (228,719)	\$ (143,168)
(Increase) decrease in due from state - deferred rent	13,022,109	(33,022)
(Increase) decrease in operating lease right-of-use asset	(56,877,188)	-
(Increase) decrease in due from state - leases	(12,975,969)	-
Increase (decrease) in accrued vacation leave benefits	228,719	143,168
Increase (decrease) in deferred rent	(13,022,109)	33,022
Increase (decrease) in operating lease liability	69,853,157	-
Total	\$ -	\$ -

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

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities Harbor Developmental Disabilities Foundation (the Foundation), doing business as Harbor Regional Center, was incorporated on May 3, 1977, as a California nonprofit corporation for the purpose of operating Harbor Regional Center and related activities. Prior to incorporation, the Foundation was operated by a medical association. The Foundation was organized in accordance with the provisions of the Lanterman Developmental Disabilities Services Act (the Act) of the Welfare and Institutions Code of the State of California. In accordance with the Act, the Foundation provides diagnostic evaluations, service coordination, and lifelong planning services for persons with developmental disabilities and their families. The areas served include the Los Angeles County Health Districts of Bellflower, Harbor, Long Beach, and Torrance.

The Act includes governance provisions regarding the composition of the Foundation's board of trustees. The Act states that the board shall be comprised of persons 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 individuals with developmental disabilities or their parents or legal guardians; and that no less than 25% of the members of the governing board shall be individuals with developmental disabilities. In addition, a member of a required advisory committee, composed of persons representing the various categories of providers from which the Foundation purchases direct services, shall serve as a member of the regional center board. To comply with the Act, the Foundation's board of trustees includes individuals with developmental disabilities, or their parents or legal guardians, who receive services from the Foundation and a service provider of the Foundation.

The Foundation contracts with the State of California Department of Developmental Services (DDS) to operate a regional center for individuals with developmental disabilities and their families. The maximum expenditures under the contract are limited to the contract amount plus interest earned and other income. The Foundation is required to maintain records in accordance with the Regional Center Master Contract.

In the event the DDS finds that any regional center, including the Foundation, is not fulfilling its contractual obligations, the DDS may make reasonable efforts to resolve the matter with the regional center or to renegotiate its contract with the Foundation. If the DDS determines that all efforts to resolve the matter have been unsuccessful it may initiate specified procedures pursuant to California Welfare & Institutions Code §4635 to terminate its contract with the regional center. If necessary, to avoid disruption of the service program, the DDS may, pursuant to California Welfare & Institutions Code §4636, directly operate a regional center during the interim period between the termination of its contract with one governing board and the assumption of operating responsibility by a regional center contract with another governing board.

Basis of Accounting The accompanying financial statements have been prepared on the accrual basis of accounting. Revenues are 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.

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Financial Statement Presentation The Foundation'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 Foundation 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, 2023 and 2022, the Foundation has no net assets with donor restrictions.

Cash and Cash Equivalents For purposes of the statement of cash flows, the Foundation 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 and the Foundation.

Significant Concentrations of Credit Risk The Foundation maintains substantially all of its cash and temporary cash investments at two financial institutions. Accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times the Foundation's cash balances may exceed federally insured limits. The Foundation began to utilize the Insured Cash Sweep (ICS) service provided through one of the financial institutions. The ICS service places excess funds into demand deposit accounts at various ICS Network member institutions in increments below the FDIC insurance maximum of \$250,000. The Foundation has not experienced any loss and management believes it is not exposed to any significant risk on such accounts.

Corporate Bonds The Foundation accounts for corporate bonds at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards have established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements).

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Corporate bonds are financial instruments that are measured at fair value on a recurring basis in the accompanying statements of financial position. Corporate bonds are generally valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available to comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit or liquidity. Therefore, the corporate bonds are classified within level 2 of the fair value hierarchy.

The Foundation held \$98,280 and \$98,070 at June 30, 2023 and 2022, respectively, in corporate bonds.

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

The contract advance balance represents cash advances received by the Foundation under the annual regional center contracts. Amounts receivable from the State are offset against advances payable when the State notifies the Foundation that a right of offset exists.

Receivable - Intermediate Care Facility Providers The Center for Medicare and Medicaid Services (CMS) approved federal financial participation in the funding of day and related transportation services purchased for individuals served by the Foundation who reside in Intermediate Care Facilities (ICFs). CMS agreed that the day and related transportation services are part of the ICF service. Accordingly, all the Medicaid funding for the ICF residents must go through the applicable ICF provider. The Foundation receives a 1.5% administrative fee based on the funds received to cover the additional workload.

DDS has directed the Foundation to prepare billings for these services on behalf of the ICF's and submit a separate state claim report for these services. The Foundation was directed to reduce the amount of its regular state claim to DDS by the dollar amount of these services. Reimbursement for these services will be received from ICFs. DDS advances the amount according to the state claim to the ICFs. The ICFs are then required to pass on the payments received, as well as the Foundation's administrative fee, to the Foundation within 30 days of receipt of funds from the State Controller's Office.

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

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

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Equipment Purchases In accordance with the State Regional Center contracts, all equipment purchased with contract funds is the property of the State. The Foundation 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 Foundation and owned by the State was \$1,070,609 and \$1,190,893 at June 30, 2023 and 2022, respectively. These balances include only the equipment that is sensitive and exceeds \$5,000 as required by System Award Management (SAM) guidelines.

Accrued Vacation Leave Benefits The Foundation has accrued a liability for vacation leave benefits earned. However, such benefits are reimbursed under the state contract only when actually paid. The Foundation 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 Foundation leased their office facilities under lease agreements that were subject to scheduled acceleration of rental payments. The scheduled rent increases were amortized evenly over the life of the leases in accordance with U.S. GAAP. The deferred rent liability represents the difference between the cash payments made and the amount expensed since inception of the lease. The Foundation recorded a receivable from the State equal to the deferred rent liability to reflect the future reimbursement of the additional rent expense. As of July 1, 2022 (as noted above), the Foundation adopted ASU 2016-02 *Leases* (Topic 842). As a result of this adoption, the Foundation no longer records deferred rent, rather ROU assets and lease liabilities. Refer to footnote 7 for more detail on the Foundation's leases.

Unexpended Client Trust Funds The Foundation assumes a fiduciary relationship with certain individuals served by the Foundation who receive funds from private and governmental sources, including the Social Security Administration and Veterans Administration. These funds are used primarily to offset out-of-home placement and living costs. These funds are held in a separate bank account and interest earnings are credited to the clients' balances.

Revenue and Revenue Recognition The Foundation 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 Foundation'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 Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are recorded as an advance and included with the Net receivable - State Regional Center contracts balance on the statement of financial position. The Foundation received cost-reimbursable grants of \$99,053,334 and \$81,412,231 that have not been recognized in revenue at June 30, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred. See Note 5 for detail on the Net receivable - State Regional Center contracts balance.

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Federal Grants The Foundation received the following federal grants as of June 30, 2023 and 2022, as follows:

U.S. Department of Education: The Foundation 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 \$827,959 and \$884,517 for the years ended June 30, 2023 and 2022, respectively, and is included in State Regional Center contracts revenue on the statement of activities.

U.S. Department of Health and Human Services: The Foundation 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 used to prevent, prepare for and respond to coronavirus (COVID-19), and for related expenses or lost revenues attributable to COVID-19. Funding could not be used where another source reimbursed or was obligated to reimburse the expenses or losses. Revenue received from this program was \$0 and \$552,273 for the years ended June 30, 2023 and 2022, respectively, and is included on the statement of activities.

Revenue Concentration State Regional Center contract revenue is revenue received under an annual cost reimbursement contract from the State of California in accordance with the Lanterman Act. Approximately ninety-nine percent of revenue is derived from this source. Each fiscal year, the Foundation enters into a new contract with the state for a specified funding amount subject to budget amendments. Revenue from the state is recognized monthly when a claim for reimbursement of actual expenses is filed with the state. These reimbursement claims are paid at the state's discretion either through direct payments to the Foundation or by applying the claims reimbursements against advances already made to the Foundation. The maximum expenditures under the contract are limited to the contract amount plus interest earned. The Foundation is required to maintain accounting records in accordance with the Regional Center Fiscal Manual, issued by DDS, and is required to have DDS approval for certain expenses. In the event of termination or nonrenewal of the contract, the State of California maintains the right to assume control of the Center's operation and the obligation of its liabilities.

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.

Income Taxes The Foundation 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 organization 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.

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The Foundation 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 Foundation 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 Foundation'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 Foundation does not expect this to change significantly over the next 12 months.

Concentration of Labor The Foundation retains approximately 82% of its labor force through Social Services Union, Local 721, Services Employees International Union (Union). This labor force is subject to a collective bargaining agreement and, as such, renegotiation of such agreement could expose the Foundation to an increase in hourly costs and work stoppages. In July 2022, negotiations concluded between the Foundation and the Union, extending the current agreement to June 30, 2025.

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.

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 Foundation adopted FASB ASC 842, with a date of 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 Foundation 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 retained earnings 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 nonlease 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 **DATE**, the date on which the financial statements were available to be issued.

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. LIQUIDITY AND AVAILABILITY

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

June 30	2023	2022
Cash and cash equivalents	\$ 35,192,909	\$ 22,490,752
Net Receivable - State Regional Center contracts	885,202	6,140,202
Receivable - Intermediate Care Facilities	667,418	850,943
Total	\$ 36,745,529	\$ 29,481,897

Each regional center submits a monthly purchase of service expenditure projection to DDS, beginning in December of each fiscal year. By February 1st of each year, DDS allocates to all regional centers no less than 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 the Foundation's contract in order to allocate funds made available from budget augmentations and to move funds among regional centers. In the event that DDS determines that a regional center has insufficient funds to meet its contractual obligations, DDS shall make best efforts to secure additional funds and/or provide the regional center with regulatory and statutory relief. The contract with DDS allows for adjustments to the Foundation's allocations and for the payment of claims up to two years after the close of each fiscal year.

In addition, the Foundation maintains a revolving note (Note 6) to manage cash flow requirements as needed should there be delays in reimbursement for expenditures from DDS.

3. FUNDING LIMITS

The Foundation contracts with DDS to operate a regional center to provide services and support for individuals with developmental disabilities and their families. Contracts are open for the current and two prior fiscal years as follows:

Fiscal Years Ended	Contract Amount	Cumulative Expenses	Unexpended Balance
June 30, 2023	\$ 422,442,297	\$ 335,342,603	\$ 87,099,694
June 30, 2022	\$ 333,640,448	\$ 301,034,407	\$ 32,606,041
June 30, 2021	\$ 288,983,918	\$ 281,710,794	\$ 7,273,124

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

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

4. UNEXPENDED CLIENT TRUST FUNDS

The Foundation functions as custodian for the receipt of certain governmental payments and resulting disbursements made on behalf of certain individuals served by the Foundation. These cash balances are segregated from the operating cash accounts of the Foundation and are restricted for their support. Since the Foundation is acting as an agent in processing these transactions, no revenue or expense is reflected on the accompanying statement of activities.

The following is a summary of operating cash activity for the year ended June 30, 2023 and 2022:

Years Ended June 30	2023	2022
Social security and other support received	3,473,795	2,901,634
Residential care and other disbursements	3,310,945	2,900,950
Support Over (Under) Disbursements	162,850	684
Changes to reconcile support over (under) disbursements to net cash used in support and care activities:		
Change in receivable from state and federal agencies	(131,843)	25,346
Change in amounts due to the Foundation	45,257	(11,833)
Subtotal	(86,586)	13,513
Net Cash Provided for (Used In) Support and Care Activities	76,264	14,197
Cash - Client Trust Funds - Beginning of Year	709,102	694,905
Cash - Client Trust Funds - End of Year	\$ 785,366	\$ 709,102

5. NET RECEIVABLE - STATE REGIONAL CENTER CONTRACTS

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

Years Ended June 30	2023	2022
Contracts receivable	\$ 99,938,536	\$ 87,552,433
Less: Contract advances	(99,053,334)	(81,412,231)
Net Receivable - State Regional Center Contracts	\$ 885,202	\$ 6,140,202

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. SHORT-TERM BORROWINGS

The Foundation began the year with a \$45,000,000 line of credit with Pacific Premier Bank, secured by an interest in all personal property and assets of the Foundation. Interest under the line of credit was charged at the bank's reference rate of 5.17%. On April 13, 2023, the Foundation extended their line of credit with Pacific Premier Bank to expire June 30, 2024. Effective July 1, 2023, the limit was increased to \$50,000,000. No amount was drawn during the fiscal years ended June 30, 2023 and 2022, nor was any amount outstanding on the line of credit as of June 30, 2023 and 2022.

7. LEASE COMMITMENTS

The Foundation has obligations as a lessee for office space and office equipment with initial noncancellable terms in excess of one year. The office space leases have initial terms of 30 years with no options to extend. The office equipment lease has an initial term of 5 years with no options to extend. The Foundation classifies these leases as operating leases.

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

The Foundation also has future obligations as a lessee for office spaces which are still under construction. The office space leases have initial terms ranging from 10 to 15 years with 3 options to extend the lease term for an additional 5 years each. The commencement date of these leases was not determinable as of the date these financial statements were available to be issued, and future payments associated with these leases are not included in the calculation of ROU assets and lease liabilities on the statements of financial position.

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

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

Year Ended June 30, 2023

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

Operating cash flows for operating leases	\$ 4,971,901
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Right-of-use assets obtained in exchange for lease obligations:

Operating leases	\$ -
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Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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

Years Ending June 30	Total
2024	\$ 5,134,716
2025	5,219,368
2026	5,294,743
2027	5,372,156
2028	5,302,850
Thereafter	63,955,632
Total Lease Payments	90,279,465
Less: Present value adjustment	20,426,308
Present Value of Lease Liabilities	\$ 69,853,157

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

June 30, 2023	
Weighted average remaining lease term:	
Operating leases	16.02
Weighted average discount rate:	
Operating leases	3.22%

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

As of June 30, 2022, the Foundation had four operating leases for the use of office space and equipment. Rent expense for the year ended June 30, 2022 was \$5,151,722

The future minimum lease commitments required under the lease as of June 30, 2022 are as follows:

Years Ending June 30	Del Harbor	Other Lessor	Less: Expected Sublease Income	Equipment	Total
2023	\$ 3,374,643	\$ 1,405,393	\$ (88,099)	\$ 175,093	\$ 4,867,030
2024	3,414,977	1,447,602	(55,133)	29,182	4,836,628
2025	3,456,231	1,491,000	(4,605)	-	4,942,626
2026	3,486,793	1,535,813	-	-	5,022,606
2027	3,518,272	1,581,747	-	-	5,100,019
Thereafter	45,316,039	24,073,110	-	-	69,389,149
Total	\$ 62,566,955	\$ 31,534,665	\$ (147,837)	\$ 204,275	\$ 94,158,058

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Related Party

The Foundation is leasing its main office facilities from Del Harbor Foundation (Del Harbor). Del Harbor is a separately incorporated California nonprofit corporation formed to facilitate and augment the coordination of services and programs of the Foundation or those which benefit individuals served by the Foundation and the Foundation provides administrative support services to Del Harbor. The Foundation paid rent and operating expense reimbursement to Del Harbor of \$3,417,361 and \$3,368,989 for the years ended June 30, 2023 and 2022, respectively.

8. CONTINGENCIES AND LITIGATION

Contingencies

The Foundation is dependent on continued funding provided by the DDS to operate and provide direct program services. The Foundation's contract with the DDS provides funding for services under the Lanterman Act. In the event that the operations of the Foundation 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 Foundation'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.

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 Foundation may be liable to the state for reimbursement of such costs. In the opinion of the Foundation's management, the effect of any disallowed costs would be immaterial to the financial statements at June 30, 2023 and 2022.

The Foundation has elected to finance its unemployment insurance using the prorated cost-of-benefits method. Under this method, the Foundation is required to reimburse the state of California for benefits paid to its former employees.

Legal Proceedings

The Foundation 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 Foundation's financial position or activities.

Harbor Developmental Disabilities Foundation

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

9. COMMITMENTS

The Foundation contracts with various providers of services for the developmentally disabled. Significant unpaid commitments under these contracts as of June 30, 2023 and 2022, were \$1,970,154 and \$2,159,144, respectively.

10. RETIREMENT PLAN

Effective July 1, 2004, the Foundation restated its retirement plan and adopted a prototype profit-sharing plan with a 401(k) feature. All employees are eligible to enter the plan immediately upon employment. The Foundation makes non-elective contributions to the plan on behalf of participants. These contributions are based on a percentage of compensation earned by participants during the plan year. Employee contributions are not required and are entirely voluntary. Participants can contribute up to the federal maximum limit. Beginning November 2016 the Foundation matches 50% of a participant's contributions up to the first 6% of salary, or a maximum employer amount of 3% of salary. Loans are permitted, subject to the terms of the plan document and applicable contract.

The total employer retirement expense for the years ended June 30, 2023 and 2022, were \$3,303,442 and \$3,113,008, respectively.

In addition, effective June 1, 2005, the Foundation established a 457(b) deferred compensation plan. The Foundation does not contribute to this plan; however, employees can contribute to this plan in addition to the retirement plan. Loans are not permitted.

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REQUIRED SUPPLEMENTARY INFORMATION SECTION

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Harbor Developmental Disabilities Foundation

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 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	\$ 827,959
Total U.S. Department of Education				827,959
Total Expenditures of Federal Awards				\$ 827,959

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Foundation 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 Foundation, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Foundation.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

OTHER REPORTS SECTION

DRAFT

**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 Trustees
Harbor Developmental Disabilities Foundation
Torrance, 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 Harbor Developmental Disabilities Foundation dba Harbor Regional Center (the Foundation), 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 DATE.

Internal Control Over Financial Reporting

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

AGT CPAs & Advisors
Redding, California

DATE

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 Trustees
Harbor Developmental Disabilities Foundation
Torrance, California

Report on Compliance for Each Major Federal Program

We have audited Harbor Developmental Disabilities Foundation's, (the Foundation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal programs for the year ended June 30, 2023. The Foundation'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 Foundation'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 Foundation'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 Foundation'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 Foundation 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 Foundation 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 Foundation'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 the Foundation'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
Redding, California

DATE

DRAFT

DRAFT

FINDINGS AND QUESTIONED COSTS SECTION

Harbor Developmental Disabilities Foundation

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

Harbor Developmental Disabilities Foundation

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2023

None

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Harbor Regional Center
Client Advisory Committee
November 11, 2023 via ZOOM

Minutes

Members Present: Debbie Howard, David Gauthier

HRC Staff Present: Tim'an Ford (Client Advocate), Brian Carrillo, Judy Taimi

Other: Jacque Lawton (Alo Consultation) and Kaitlin Olson (Alo Consultation)

Call to Order & Minutes Approved

Meeting was called to order and commenced at 1:00 p.m.

Discussion/Presentation:

Presentation to the committee was provided by Alo Consultation regarding the Home and Community Based Services (HCBS). New laws are in place to empower our individuals to live the life they want to live. We discussed all of their rights as follows:

- Right to choose their community and have support in being with that community
- Right to independent life
- Right to live a life just as someone not receiving disability services would like
- Right to live, work, and spend time in spaces where there are people who do not have disabilities
- Right to private residential unit if they desire it
- Right to be treated as an adult, with dignity and respect
- Right to privacy and they get to decide what kind of privacy they want
- Right to privacy in the place that they sleep
- Right to be free from being moved or touched by anyone. NO one can force them to do anything they don't want to do.
- Right to make decisions that feel right to them. These life choices might include what they do, where they are and who they interact with
- Right to choose their own services
- Right to choose which staff work with them
- Right to own or rent their own home under a legally enforceable agreement, like a lease
- Right to lock their doors when they choose and to have their belongings in a secure space
- Right to choose who their roommate is
- Right to have furniture and decorations that they want
- Right to decide what they do and when they do it
- Right to eat the food they want at any time
- Right to have visitors of their choosing at any time

- Right to move their body comfortably in the place that they live
- Right to access every part of their home that is not a private space for another individual

The team went over sample questions and statements that our individuals could use to have conversations with their family and those that supports them in their lives. An example would be, “What can you say if you want more choice in your life?”

- I don’t want to do this. Can you help me find something new?
- I want to do this my way.
- I am making this choice myself.
- This is my choice.
- I am choosing _____ instead.
- I need time to think about this.

Adults with disabilities are Adults. Taking risks is a part of adult life.

Other Discussion:

- The committee agreed to meet on the 2nd Wednesday of the month at 5 PM. The first meeting of 2024 will be held in-person.

Adjournment

Meeting adjourned at 2:30 PM.



Client Services Committee |

Meeting date | time November 28, 2023 | 6 PM | Meeting location ZOOM

ATTENDEES

Guadalupe Nolasco (Parent)	Ramon Gonzalez (Individual Served and Board Member)
Patricia Jordan (Board Member, Committee Chair)	Deaka McClain (Individual Served)
FuTien Chiou (Parent)	Lucy Paz (Interpreter)
	Judy Taimi (HRC)

AGENDA TOPICS

Time allotted | 6 PM to 6:45 PM | Agenda topic HRC Childcare Service Policy Review

- The committee reviewed and discussed the proposed changes that were made to HRC's Childcare Service Policy.
 - The committee is in agreement with the title change from Day After School Care Service Policy to Childcare Policy.
 - The share of cost for those individuals ages 3 to 12 were appropriate to be added for this policy and the regional center being able to cover the costs needed for the required supervision that exceeds the needs of typically developing peers.
 - Possible consideration for childcare services for those that require an increased amount of time to support their children with completing their self-help skills such as taking a shower. We did discuss this support being available through respite services to provider the caregiver/parent with a break.
 - Can childcare services be made available for parents that are seeking employment? The policy does have an exception clause, which would be able to address the specific family circumstances that may not be outlined in the policy. An exception may be granted when the individual person-centered planning team establishes a need to authorize services outside of what is described in the childcare service policy criteria.

Time allotted | 6:45 PM to 7:30 PM | Agenda topic Social Recreation Update and Coordinated Family Support Services (CFS)

- We reviewed the updated social recreational booklet available on HRC's website. HRC has a few social recreational programs that we have vendored. However, there are a lot of services

social recreational programs that are not vendored with HRC that are also listed in this booklet. These programs are in HRC's catchment area and our individuals or their families have to reach out to these programs to determine if they are a good fit and can meet our individual's social recreational need(s). There are 3 ways the regional center can pay for these services currently as follows:

- Pay the provider directly that are HRC's vendor
 - Purchase reimbursement to the individual or family member
 - Direct pay by the regional center to the social recreational program that is not a vendor of HRC
 - Coordinated Family Support Services (CFS): The committee was updated with the 3 providers that HRC has been able to vendor. The 3 providers are:
 - *CPR-LA*: Currently has staff available to support those who speak English, Spanish, and Tagalog. However, they are able to recruit staff who speak other languages based on the referrals received.
 - *Modern Supports*: Currently has staff available to support those who speak English, Spanish, Tagalog, Kmer, Korean, and ASL. They too would be able to recruit staff who speaks other languages based on the referrals received.
 - *Remarkable & Centered Supports*: Currently has staff available to support those who speak English, Spanish, Tagalog, Cambodian, and Halang. This provider would be able to recruit other staff who speaks other languages based on the referrals received.
 - Service coordinators are already sending out referrals for assessment based on the individuals and or family choice.
-

Next Meeting: January 23, 2024 @ 6 PM in-person

HARBOR REGIONAL CENTER
Self Determination Advisory Committee
Meeting Minutes
November 1, 2023

Opening:

The regular meeting of HRC Self Determination Advisory Committee was called to order at 6:05 PM on Wednesday, November 1, 2023 via Zoom. Quorum was established.

Committee Member Present

Rosalinda Garcia – Self-Determination Advisory Committee Chair
Deaka McClain – Individual, Self-Determination Advisory Committee Co-Chair
Maria Elena Walsh – Harbor Family Resource Center
Tim’an Ford – HRC Peer Advocate
David Oster – Individual
Miriam Kang – Parent
Wendy Clutterbuck – Parent
Sunghee Park – Parent
Jamie Temple – OCRA

HRC Staff Present

Patrick Ruppe – Executive Director
Antoinette Perez – Director of Children and Adolescent Services
Aurelio Lopez – Participant Choice Specialist
Johnny Granados – Client Service Manager
Bernice Perdomo-Chavez – Participant Choice Specialist
Minerva Prado – Participant Choice Specialist
Jessica Sanchez – Client Service Manager
Erika Segovia – Manager of Diversity and Inclusion
Bryan Sanchez – Client Service Manager

Visitors

Lucy Paz, Spanish Interpreter
Naomi Hagel, Phoenix Facilitation
Helen Reese, Phoenix Facilitation
Santiago Villalobos, Phoenix Facilitation
Kim Sinclair, Autism Society of Los Angeles
Hong Dang
Gilberto Padilla, Parent
Lourdes Gomez, IF
Tami Cardenas
Debra Jorgensen, Guidelight Group
Rossy Seriati
Reiko Umeda, Independent Facilitator
Tamra Pauly, Independent Facilitator
Selvin Arevalo, GT Independence
Montserrat Palacios, DDS
Stella Ramirez

HARBOR REGIONAL CENTER
Self Determination Advisory Committee
Meeting Minutes
November 1, 2023

Mariora Filipovich, Parent

Abbreviations

HRC: Harbor Regional Center
IF: Independent Facilitator
PCP: Person-Centered Plan
SCDD: State Council on Developmental Disabilities
SDP: Self-Determination Program
DVU: Disability Voices United
FMS: Financial Management Service
DDS: Department of Developmental Services
RFP: Request for Proposal
SDAC: Self-Determination Local Advisory Committee
OCRA: Office of Clients' Rights Advocacy
ASLA: Autism Society of Los Angeles

Welcome:

Introductions of committee members and guests via the chat.

Approval of Minutes:

October 4, 2023 minutes were posted for review. Minutes were approved.

Implementation Funds (2022/2023) Updates:

- Implementation Funds for year four (2022-2023) totaling \$99,916.78.
- Guidelight Group decided to continue with their original proposal amount of \$38,850.
- Autism Society of Los Angeles (ASLA) collaborating with Phoenix Facilitation's proposal amount will be adjusted to the remaining funds of \$61,066.78.

Kim Sinclair, ASLA

ASLA/Phoenix Facilitation adjusted their proposal to \$61,066.78, which includes the following components:

1. SDP Fundamentals
2. Navigating Technology for the Independent Facilitator
3. Self-Determination Law & Directives for IF's
4. Person-Centered Thinking
5. Advanced Training on Budgets, Spending Plans, And the Financial Management Services (FMS).
6. 099 Vendorization & Requirements
7. On-going IF Services (scaled down)
 - Participants who self-identify as non-White and/or as speaking a language other than English will be prioritized.

HARBOR REGIONAL CENTER
Self Determination Advisory Committee
Meeting Minutes
November 1, 2023

- Spanish will be the only language supported by either translators or CORE instruction, with supporting material.
- Goal is 12-15 Spanish-speaking trainees and 12-15 English Speaking trainees, this split may vary depending on the level of community engagement.

They have removed:

- Coaching services will end on June 30, 2024.
- Korean Language Track - if an English/Korean person registers, and if they require materials in Korean, they will provide some materials but will not have Korean Language translation/CORE Korean Language instruction.
- Lanterman Module - removed/deleted, encourage HRC community to go to Lanterman training offered in November 2023 with Korean and Spanish Translation.
- Adjusted the number to between 24-30 participants.

ASLA/Phoenix Facilitation will reach out to HRC when the recruitment process begins to ensure participants are members from the community who understand the HRC way.

Phoenix Facilitation focuses on person-centered module with ASLA bringing knowledge of the law to improve the quality of life of the individuals served.

Comments:

- Individual asked how money would be divided. ASLA is prime, on the contract. Phoenix is collaborating (sub-contractor) with ASLA.
- How to gauge whether the implementation funds are being used for individuals and the community served by HRC. Sinclair states there are no guarantees that the trainees will serve the HRC community.
- Parent searched for IF training at HRC but signed up with another RC. Commitment was that they would have to serve the RC's community by taking individuals they serve.

Debra Jorgensen, Guidelight

Full and partial scholarships have been successful at other regional centers.

Guidelight will have an application to ensure people who apply are committed to serving the HRC community. With the agreement and expectation that they take 1 -2 individuals within the first year.

HARBOR REGIONAL CENTER
Self Determination Advisory Committee
Meeting Minutes
November 1, 2023

Comments:

- Participant asked if bonuses are incorporated into the contract once they start working with individuals. Bonuses are not included.

Harbor Regional Center Monthly Updates:

Bernice Perdomo-Chavez presented the SDP data in a graph format via an “HRC SDP” Power Point presentation shared via Zoom.

- Soft Roll Out Participants
 - Total Participants Selected: **129**
 - Remained in SDP: **80**
 - Withdrew: **38**
 - Moved out of State: **4**
 - Inactivated/Not DD: **5**
 - Transferred Out (to another RC): **3**
- Completed PCPs 145; 25 within the soft rollout and 120 from 7/2021 to 10/2023
- Certified Budgets 226; 35 within the soft rollout and 191 from 7/2021 to 10/2023
- Spending Plans 179; 30 within the soft rollout and 149 from 7/2021 to 10/2023
- SDP Live 184; 30 within the soft rollout and 154 from 7/2021 to 10/2023

SDP by Ethnicity:

White/Caucasian	70
Latino	43
African America/Black	13
Biracial	6
Multicultural	8
Other	11
Asian Indian	7
Other Asian	5
Chinese	4
Filipino	4
Korean	4
Guamanian	1
Vietnamese	3
Japanese	5

SDP by Language

English	152
Spanish	29
Korean	2
Japanese	1

HARBOR REGIONAL CENTER
Self Determination Advisory Committee
Meeting Minutes
November 1, 2023

Directives from September 29, 2023 DDS Self-Determination Program (SDP) were shared.

- (1) Self-Determination Program (SDP) Directive (09/29/2023): Service Provider Background Checks.
 - Identifies the providers of services and supports that must obtain a DDS Department criminal background check in order to provide services for SDP participants:
 - Any employee of an SDP participant who will provide direct personal care services (excluding family members who live in the same household as the participant).
 - Any employee of a provider who is not a regional center vendor and who will provide direct personal care services.
 - The following individuals are not required to get a DDS Department criminal background check:
 - Any employee of a provider that is a regional center vendor who will provide direct personal care services (unless that vendor requires a background check).
- (2) Self-Determination Program (SDP) Directive (09/29/2023): Financial Management Services (FMS) Service Payments.
 - This guidance extends the requirement of regional centers to pay FMS providers on a weekly basis through December 31, 2024.

Naomi Hagel, Phoenix Facilitation LLC, presented data on individuals served through the coaching program by ethnicity, language, gender, and age. She talked about their outreach attempts and barriers they have encountered.

Statewide Updates:

- No updates at this time.

Partner Updates:

Office of Clients and Rights Advocacy (OCRA)

- No updates at this time.

SCDD- Albert Feliciano

- No updates at this time.

HARBOR REGIONAL CENTER
Self Determination Advisory Committee
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Public Comments:

- IF thanked SDP CSM and team for supporting her advocates.
- Individual shared Disability Voices United (DVU) Conference is on 11/03/23.
- Participants shared that their SDP experience is improving now that they are in their 3rd year.

Next meeting: January 3, 2024 via Zoom 6PM – 8PM

Adjournment, Conclusion

Meeting was adjourned at 7:10 PM.

Minutes submitted by Aurelio Lopez

DRAFT

Harbor Regional Center
Service Provider Advisory Committee (SPAC)
 December 5, 2023 10:00 a.m.
 HRC Torrance Office A1/A2

Committee Participants

Member Name	Organization
Angie Rodriguez	SVS
Angie Gallon	SVS
Violet Ruiz	SVS
Lesly Rovelo	SVS
Leo Vasquez	SVS
Paul Quiroz	Cambrian Homecare
Doris Bell	Ambitions CA
Diane Sanka	Easter Seals
Angelica Real	Easter Seals
Angela Qual	Easter Seals
Latasha Ballard	Easter Seals
Lindsey Stone	ICAN CA
Sharon Oh	Share Speech & Language
Tiffany de la Torre	24 HR Home Care
Tiki Thompson	Person Centered Options
April Stover	Ability First
Alex Saldana	Oxford Healthcare
Tammi Castillo	Sevita Health
Verretta Boatner	Sevita Health
Donna Gimm	CA. Mentor
Ryan Rieger	CA. Mentor
Renee Suazo	CA. Mentor
Johanna Torres	David's Place
Tonantzin Martinez	Glen Park Long Beach
Michael Martinez	Glen Park Long Beach
Marina Pink	Glen Park Long Beach
Adrian Santoyo	Maxim Healthcare
Katie Kang	Momentum

HRC Staff Participating

Staff Name	Title
Elizabeth Garcia-Moya	Community Services Interim Director and Manager of Resource Development & Vendorization
Steve Goclowski	Clinical Services Manager
Daniel Hoyos	Manager of Contracts
Leticia Mendoza	Department Assistant Community Services
Brian Carrillo	HCBS Specialist
Ute Czammel	Controller
Brenda Bane	Manager of Rights & Quality Assurance

Call to Order

Angie Rodriguez called meeting at 10:06 a.m.

Sub-Committee Updates

Angie Rodriguez and SPAC Chair Members. The subgroups continue to host individual sub-committee meetings to discuss current issues and concerns.

- **Sharon Oh – Early Start Chair** –provided an update on items discussed at their last meeting held 11/2//2023. The following topics discussed were:
 - Judy Wada attended and provided information and process on the DSP Stipend training program
 - Current needs and report timelines.
 - The next meeting scheduled for 2/1/2024.

- **Diane Sanka- Day Programs Chair** — provided an update on topics discussed at their last meeting held on 11/28/2023
 - Disability Workforce Advocacy, encouraged provider to participate in advocacy opportunities such as The Lanterman Coalition
 - DDS recent directive to extend remote services flexibility to 6/30/2025.
 - Minimum wage increases in January and challenges to retain staff.
 - Encourage committee to sign up with ARCA California website for current updates.
 - Encourage the group to get involved and write letters to local legislators.
 - The upcoming rate study implementation is discouraging since they plan to change rates to hourly next year.
 - Next meeting date to be determined

- **Lindsey Stone- Supported Employment Chair** - provided an update on topics discussed at the last meeting held on 10/19/2023
 - Information sent out to families about remote services continue to be available for clients.
 - DSP Stipend training program, Supported Employment (SEP) and Tailored Day Services (TDS)
 - Dept of Rehab (DOR) restrictions however DDS more funding flexibility
 - ICAN participates on the Torrance of Chamber and City of Long Beach meetings.
Lindsey encourages the committee to get involved in their local cities to share information them about the DD population, regional center system and service providers. This is a great way to build relationships and receive support.
 - Next meeting date to be determined.

- **Doris Bell**, participated as the representative for **Residential Chair** in Darlene’s absence - Last meeting held on 11/15/2023, however no updates provided.
 - Next residential meeting to be determined.

- **Paul Quiroz – Support Services-** Provided update on the following topics:
 - DSP training rollout with staff
 - EVV challenges

- Staffing challenges
- Next meeting to be scheduled in January
- **Baldo Paseta - Transportation Services-** Elizabeth Garcia-Moya provided brief update in Baldo's absence on items discussed at their last meeting held 11/22/2023. The following topics discussed were:
 - Health & Safety process to allow additional funding to pay drivers. DDS approved a few requests submitted.
 - Ride Health Company partnership to manage routing transportation for clients to day programs. Ride Health will provide a 24hr customer service line with multi language capacity. Allowance for tracking clients on route and time arrivals.
 - HRC plans to schedule a meeting to introduce Ride Health to families, clients and service coordinators.
- **Chair vacancy for SLS Services-** HRC currently recruiting

Budget Update

Ute Czimmel shared a presentation in Judy Wada's absence of an overview on the budget.

- E-1 Allocation FY 2023- 2024- Received October 2, 2023
 - HRC OPS
 - HRC POS increase policy in caseload reductions. HRC numbers increased from 334 to 422
 -
- Governor's Budget FY 2024-2025 –Tentative to receive by 1/10/24
 - Preliminary allocation received from DDS on 6/15/23.
 - First amendment still is pending
 - Rate study implementation scheduled for July 11, 2024.
- Accounting
 - End of year payment schedule
 - 2024 Accounting payment schedule
 - Accounting Staff Assignments and contact information

HCBS Update & DSP Training Stipend Program

Brian Carrillo shared a presentation HCBS final rule and DSP training stipend program.

- DDS HCBS updates- On 9/28/23 California approved CAP for ongoing HCBS assessments to be completed in person and milestones for that work and includes a deadline of 12/31/24.
 - Regional centers have to conduct onsite visits to monitor and ensure that service providers are in full HCBS compliance by meeting the following milestones:
 - **25% of site visits by February 29th, 2024,**
 - **50% of by April 30th, 2024,**
 - **75% by June 2024, with completion of all HCBS assessments by August 30th, 2024**
 - Service providers found to not be in compliance during onsite HCBS reviews will potentially receive a CAP, a directive from DDS granting regional centers the authority to issue CAPs and Sanctions related to non-compliance is forthcoming.
 - By **September 30th, 2024** all service providers who received a CAP must have completed and resolved all findings.
 - Further information about the onsite visits and HRC's evaluation tool will be presented at upcoming information sessions scheduled for December 2023 and January 2024

- Direct Service Professional Training (DSP) Stipend
 - DSPs can receive up to two \$625.00 stipends when they complete approved training courses through now and June 30, 2024.
 - Providers are eligible to receive \$150.00 for employer related costs.
 - Handout copies provided to the attendees.
 - Purpose:
 - Enhance the quality of services received by individuals
 - Including front line supervisors and clinical staff must meet the following requirements:
 - Works as paid DSP an average of 10hours or more per week
 - Perform direct support tasks for individuals served by the regional center
 - Spend at least 50% of work hours doing direct support tasks
 - Employed by an regional center vendor or by an SDP participant
 - Online training sessions will resume in 2024 for service providers.
 - Helpful Tips provided to service providers such as ensuring correct vendor numbers and service codes when enrolling in program and mandatory trainings requirements.
 - For questions, please email HRCWorkforce@harborrc.org

Early Start Provider Training Program

Steve Gocłowski provided update on the EI training program. Many of the EI providers have participated however, monies are still available. Continue to encourage EI providers to participate. Steve also announced HRC's new clinical staff.

HRC Updates:

Elizabeth Garcia-Moya provided the committee updates on the latest DDS directives. Website links provided for information details.

- Transportation Services Monthly reimbursement released on 11/30/23
- Remote Services to regional centers on 11/30/23
- Intermediate care facility for Developmental Disabled Transition to Managed care 11/28/23
- Coordinated Family Support Services in the Self Determination Program 11/22/23
- Trailer Bill Changes for Restored Services and New Participant Directive Services 11/3/23

HRC Partnership with American Red Cross will be hosting two blood drives at HRC offices Torrance and Long Beach on December 14 & 18, 2023.

Service Provider Announcements

- Angie Rodriguez reminded the committee about Grass Roots Day event in Sacramento on February 2024 and encourage them to participate and send representatives. Voices need to be heard from clients, families and service providers.

Next Meeting scheduled for 2/6/2024 at HRC Torrance Office

Meeting Adjourn 11:40 a.m.