

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**

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**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

June 30, 2021 and 2020



**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**

**T A B L E O F C O N T E N T S**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Access Services  
El Monte, California

### Report on the Financial Statements

We have audited the accompanying financial statements of Access Services (a California nonprofit public benefit corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Access Services as of June 30, 2021 and 2020, 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.

## Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 information 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 December 13, 2021, on our consideration of Access Services' 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 Access Services' 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 Access Services' internal control over financial reporting and compliance.

BPM LLP

San Jose, California  
December 13, 2021

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**

As of June 30, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 20,140,243	\$ 14,645,117
Grants receivable	3,255,995	391,933
Due from LACMTA	2,313,950	5,893,158
Accounts receivable	56,707	145,226
Prepaid expenses and other assets	7,578,898	7,350,640
Total current assets	33,345,793	28,426,074
Property and equipment, net	12,298,044	14,993,231
Other assets:		
Restricted cash equivalents for self-insured retention	4,994,495	4,364,864
Restricted cash equivalents for unfunded pension liability	4,460,482	3,855,138
Restricted cash equivalents for accrued vacation liability	1,064,469	687,023
Deposits	39,129	39,129
Total other assets	10,558,575	8,946,154
Total assets	\$ 56,202,412	\$ 52,365,459
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 1,465,401	\$ 5,312,524
Contractors payable	11,921,190	10,544,539
Accrued expenses	8,791,064	1,723,907
Unfunded defined benefit plan liability	4,460,482	3,855,138
Self insurance accruals	4,994,495	4,364,864
Deferred support	9,485,344	8,943,573
Deferred revenue	113,844	274,481
Deferred rent	180,138	177,076
Total current liabilities	41,411,958	35,196,102
Commitments and contingencies		
Net assets:		
Without donor restrictions	14,790,454	17,169,357
Total net assets	14,790,454	17,169,357
Total liabilities and net assets	\$ 56,202,412	\$ 52,365,459

**ACCESS SERVICES**  
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**STATEMENTS OF ACTIVITIES**

For the years ended June 30, 2021 and 2020

	2021	2020
Without donor restrictions		
Revenue and support:		
Los Angeles County MTA funds	\$ 93,895,827	\$ 95,251,540
Section 5310 funds	69,568,273	76,359,574
Passenger revenues	5,234,468	8,958,284
Section 5316 funds	459,305	1,043,875
Section 5317 funds	352,738	1,258,178
Gain on disposal of assets	271,049	256,407
Section 5312 funds	78,000	-
Other revenue	78,177	65,556
Interest income	4,192	42,593
Toll grant	-	1,130,925
Investment return, net	-	447,956
	169,942,029	184,814,888
Total revenue and support		
Operating expenses:		
Program services:		
Paratransit operations	148,815,344	159,478,141
Eligibility determination	7,364,009	9,599,285
CTSA function	539,313	475,214
	156,718,666	169,552,640
Total program services		
Supporting services:		
Management and general	15,602,266	7,927,761
	172,320,932	177,480,401
Total expenses		
Changes in net assets	(2,378,903)	7,334,487
Net assets, beginning of year	17,169,357	9,834,870
Net assets, end of year	\$ 14,790,454	\$ 17,169,357

**ACCESS SERVICES**  
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**STATEMENTS OF FUNCTIONAL EXPENSES**

For the years ended June 30, 2021 and 2020

	2021						2020					
	Program Services				Supporting Services		Program Services				Supporting Services	
	Paratransit Operations	Eligibility Determination	CISA Function	Total Program Services	Management and General	Total Expenses	Paratransit Operations	Eligibility Determination	CISA Function	Total Program Services	Management and General	Total Expenses
Purchased transportation services (net of lease and liquidated damages)	\$ 130,441,358	\$ 885,517	\$ -	\$ 131,326,875	\$ -	\$ 131,326,875	\$ 139,927,510	\$ 1,802,103	\$ -	\$ 141,729,613	\$ -	\$ 141,729,613
Insurance and claims	6,586,691	78,136	857	6,665,684	7,216,922	13,882,606	6,008,425	71,802	757	6,080,984	490,094	6,571,078
Salaries and related benefits	2,701,308	422,938	468,645	3,592,891	4,915,268	8,508,159	2,496,833	584,283	407,937	3,489,053	4,574,172	8,063,225
Eligibility determination	-	4,060,768	-	4,060,768	-	4,060,768	-	4,686,731	-	4,686,731	-	4,686,731
Contracted customer services	1,839,790	-	-	1,839,790	-	1,839,790	2,093,909	-	-	2,093,909	-	2,093,909
Network and telecom maintenance	718,878	5,368	600	724,846	618,134	1,342,980	796,088	3,599	849	800,536	447,241	1,247,777
Professional services	129,674	763	-	130,437	1,130,463	1,260,900	123,936	9,946	3,463	137,345	1,053,237	1,190,582
Office and equipment rent	194,113	455,065	16,901	666,079	344,157	1,010,236	194,164	427,488	16,901	638,553	346,355	984,908
Communications	695,582	113,889	9,710	819,181	112,998	932,179	2,090,219	243,425	7,966	2,341,610	121,074	2,462,684
Travel training	-	578,911	-	578,911	-	578,911	-	745,819	-	745,819	-	745,819
Printed materials	58,311	256,584	1,354	316,249	1,522	317,771	129,143	399,957	-	529,100	8,412	537,512
Vehicle costs	221,671	-	-	221,671	7,492	229,163	264,142	96	-	264,238	870	265,108
Security	200,000	-	-	200,000	-	200,000	200,000	-	-	200,000	-	200,000
Promotions/events	133,644	26,501	6,427	166,572	20,029	186,601	172,228	35,575	6,365	214,168	37,868	252,036
Postage/ mailing	7,019	158,616	1,626	167,261	16,578	183,839	14,232	183,218	1,549	198,999	20,558	219,557
Other expenses	18,383	498	29,707	48,588	43,316	91,904	7,716	733	24,205	32,654	78,341	110,995
Office supplies	40,157	840	1,714	42,711	11,577	54,288	46,818	3,982	1,421	52,221	32,678	84,899
Other related employee expense	-	-	1,727	1,727	50,336	52,063	6,387	105	2,255	8,747	84,846	93,593
Passenger survey/ride check program	-	-	-	-	49,500	49,500	-	-	-	-	-	-
Temporary personnel	-	-	-	-	26,250	26,250	26,663	-	-	26,663	37,112	63,775
Board and advisory committee compensation	-	-	-	-	9,275	9,275	-	-	-	-	31,094	31,094
Business meetings and meals	-	-	45	45	7,773	7,818	318	6	1,069	1,393	46,994	48,387
Repairs and maintenance	-	3,450	-	3,450	3,371	6,821	-	18,291	-	18,291	3,971	22,262
Tether pilot program	-	-	-	-	-	-	-	67,395	-	67,395	-	67,395
Travel and conference	-	-	-	-	(504)	(504)	6,875	-	477	7,352	69,652	77,004
<b>Total expenditures before certain noncash charges</b>	<b>143,986,579</b>	<b>7,047,844</b>	<b>539,313</b>	<b>151,573,736</b>	<b>14,584,457</b>	<b>166,158,193</b>	<b>154,605,606</b>	<b>9,284,554</b>	<b>475,214</b>	<b>164,365,374</b>	<b>7,484,569</b>	<b>171,849,943</b>
Increase in unfunded defined benefit plan liability	-	-	-	-	605,344	605,344	-	-	-	-	216,414	216,414
Depreciation	4,828,765	316,165	-	5,144,930	412,465	5,557,395	4,872,535	314,731	-	5,187,266	226,778	5,414,044
<b>Total expenses</b>	<b>\$ 148,815,344</b>	<b>\$ 7,364,009</b>	<b>\$ 539,313</b>	<b>\$ 156,718,666</b>	<b>\$ 15,602,266</b>	<b>\$ 172,320,932</b>	<b>\$ 159,478,141</b>	<b>\$ 9,599,285</b>	<b>\$ 475,214</b>	<b>\$ 169,552,640</b>	<b>\$ 7,927,761</b>	<b>\$ 177,480,401</b>

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

**ACCESS SERVICES**  
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**STATEMENTS OF CASH FLOWS**

For the years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (2,378,903)	\$ 7,334,487
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on disposal of assets	(271,049)	(256,407)
Depreciation and amortization	5,557,395	5,414,044
Realized/unrealized gain on investments	-	107,150
Restricted cash equivalents for self-insured retention	(629,631)	(4,364,864)
Restricted cash equivalents for unfunded pension liability	(605,344)	(3,855,138)
Restricted cash equivalents for accrued vacation liability	(377,446)	(687,023)
(Increase) decrease in operating assets:		
Grants receivable	(2,864,062)	4,854,497
Due from LACMTA	3,579,208	279,783
Accounts receivable	88,519	(36,459)
Prepaid expenses and other assets	(228,258)	(2,254,577)
Increase (decrease) in operating liabilities:		
Accounts payable	(3,847,123)	2,306,259
Contractors payable	1,376,651	(3,077,827)
Accrued expenses	7,067,157	438,270
Unfunded defined benefit plan liability	605,344	216,414
Self insurance accruals	629,631	(99,990)
Deferred support	541,771	(9,327,830)
Deferred revenue	(160,637)	(2,592)
Deferred rent	3,062	10,749
Net cash provided by (used in) operating activities	8,086,285	(3,001,054)
Cash flows from investing activities:		
Proceeds from sales of investments	-	394,938,736
Purchases of investments	-	(369,905,217)
Proceeds from sale of equipment	362,141	281,333
Acquisition of property and equipment	(2,953,300)	(10,475,961)
Net cash (used in) provided by investing activities	(2,591,159)	14,838,891
Cash flows from financing activities:		
Collections of supports restricted for purposes:		
Restricted cash equivalents for self-insured retention	629,631	4,364,864
Restricted cash equivalents for unfunded pension liability	605,344	3,855,138
Restricted cash equivalents for accrued vacation liability	377,446	687,023
Net cash provided by financing activities	1,612,421	8,907,025
Net increase in cash and cash equivalents	7,107,547	20,744,862
Cash, cash equivalents, and restricted cash, beginning of year	23,552,142	2,807,280
Cash, cash equivalents, and restricted cash, end of year	\$ 30,659,689	\$ 23,552,142
Statement of financial position captions:		
Cash and cash equivalents	\$ 20,140,243	\$ 14,645,117
Restricted cash equivalents for self-insured retention	4,994,495	4,364,864
Restricted cash equivalents for unfunded pension liability	4,460,482	3,855,138
Restricted cash equivalents for accrued vacation liability	1,064,469	687,023
	\$ 30,659,689	\$ 23,552,142

**ACCESS SERVICES**  
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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**1. Organization and Purpose**

Access Services (the “Organization”) was incorporated in the State of California as a nonprofit public benefit corporation on March 31, 1994. Access Services is designated as Los Angeles County’s Consolidated Transportation Services Agency (“CTSA”) and administers the Los Angeles County Coordinated Paratransit Plan (“Plan”) on behalf of the County’s 46 public fixed route operators (i.e., bus and rail). Pursuant to the Plan, Access Services facilitates the provision of complementary American Disabilities Act (“ADA”) paratransit services to certain persons with disabilities as required by 42 U.S.C. §12143 under the name “Access Paratransit.” Paratransit is an alternative mode of flexible passenger transportation that does not follow fixed routes or schedules. Typically, vans or minibuses are used to provide paratransit service, but also shared taxis and jitneys are important providers as a form of transportation. Complementary ADA paratransit is a federally mandated civil right for persons with disabilities who cannot ride the accessible public fixed route buses and trains.

As required by applicable regulations, Access Paratransit service is available for any qualified ADA paratransit eligible individual for any purpose and to or from any location within  $\frac{3}{4}$  of a mile of any fixed route bus operated by the Los Angeles County public fixed route bus operators and within  $\frac{3}{4}$  of a mile around Metro rail stations during the hours that the systems are operational. The service area is divided into regions and extends into portions of the surrounding counties of San Bernardino, Orange, and Ventura that are served by Los Angeles County fixed route bus lines.

Access Paratransit operates seven days a week, 24 hours of the day in most areas of Los Angeles County. It is a shared ride service that is curb-to-curb utilizing a fleet of small buses, mini-vans and taxis. Fares are distance-based and currently range from \$2.75 to \$3.50 for each one-way trip. Personal Care Assistants may ride with the qualified rider free of charge. Different fares may be charged in the Antelope Valley and Santa Clarita Valley service areas and during late-night service hours.

Access Services facilitates Access Paratransit service by entering into and administering federally funded regional contracts with independent private transit providers, which in turn provide the reservation and transportation services in conformity with the Plan, applicable law, and the contract. Access Services also leases vehicles to the regional providers at \$1 per month to help facilitate the provision of service under the contracts. In total, the Access Paratransit system provides more than 1.7 million trips per year to more than 125,000 qualified disabled riders in a service area of over 1,950 square miles. Access Services receives its funding for these services from Proposition C sales tax, Federal 5310 grants, and fare box revenue.

In its function as the CTSA, Access Services acts as a state-mandated facilitator charged with the development and implementation of regional coordination of social service transportation to seniors, persons with disabilities, the young, and the low-income disadvantaged.

Access Services is governed by a nine-member board of directors with one appointment by each of: (i) the Los Angeles County Board of Supervisors, (ii) the City Selection Committee’s Corridor Transportation Representatives, (iii) the Mayor of the City of Los Angeles, (iv) the Los Angeles County municipal fixed-route operators, (v) the Los Angeles County local fixed-route operators, (vi) the Los Angeles County Commission on Disabilities, (vii) the Coalition of Los Angeles County Independent Living Centers, (viii) the Los Angeles County Metropolitan Transportation Authority (“LACMTA”), and (ix) an alternating appointment by the municipal and local fixed-route operators.

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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**2. Summary of Significant Accounting Policies**

***Accounting Principles***

Access Services' financial statements are prepared in conformity with generally accepted accounting principles of the United States of America ("U.S. GAAP"), using the accrual basis of accounting,

***Financial Statement Presentation***

The Organization's net assets, revenues, gains, expenses and losses are classified as with donor restrictions and without donor restrictions, as follows:

**Net assets without donor restrictions:** Net assets available for use at the discretion of the Board of Directors (the "Board") and/or management for general operations and not subject to donor restrictions.

**Net assets with donor restrictions:** Net assets subject to donor-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. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been accomplished, or both.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their uses are restricted by explicit donor stipulation or by law.

Donor restricted revenues for which the restrictions expire during the same fiscal year in which the revenues are made are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions. When a donor restriction expires, that is, when a stipulated time restriction end, or purpose restriction is accomplished, 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.

***Estimates Inherent in the Preparation of Financial Statements***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions, and such differences could be material to the financial statements.

**ACCESS SERVICES**  
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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**2. Summary of Significant Accounting Policies, continued**

***Fair Value of Financial Instruments***

The Organization's financial instruments, including cash and cash equivalents, grants and accounts receivable, accounts payable and other liabilities are carried at cost, which approximates their fair values because of the short-term maturity of these instruments and the relative stability of interest rates.

***Changes in Accounting Principles***

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU 2014-09"), to clarify the principles of recognizing revenue. Under ASU 2014-09, revenue is recognized when a customer obtains control of promised goods or services and is recognized at an amount that reflects the consideration expected to be received in exchange for goods or services. The Organization adopted ASU 2014-09 for the year ended June 30, 2020 using the modified retrospective approach. There was no material impact to the financial statements.

***Revenue Recognition and Grants***

The Organization has adopted the guidance in, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* for the year ended June 30, 2020. Access Services determines whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer asset. If a contribution is deemed conditional, revenue is deferred until the barrier is overcome.

Once a contribution has been deemed unconditional, Access Services considers whether the contribution is restricted on the basis of the current definition of the term donor-imposed restriction, which includes a consideration of how broad or narrow the purpose of the agreement is, and whether the resources are available for use only after a specified date.

Access Services primarily receives revenue from Federal Section 5310 grants, Proposition C discretionary funds, Los Angeles County Measure M funds, and other grants through LACMTA, and passenger fares for paratransit services provided. Revenues are deemed to be earned when allowable expenses are incurred or recognized by Access Services. Revenue received for the acquisition of capital assets (i.e. equipment) is recognized when the assets are acquired.

Amounts received but not earned as of June 30, 2021 and 2020 are included in the accompanying statement of financial position as deferred support. Access Services and LACMTA entered into a Funding Agreement for the year ended June 30, 2021, which provided Access Services with Proposition C funds of \$80,748,910, Measure M funds of \$11,496,428 and a reserve of \$3,000,000. LACMTA funding is subject to audit and retroactive adjustment by outside third parties; however, in the opinion of management, Access Services has provided adequate reserves for any such circumstances (see Note 7).

**ACCESS SERVICES**  
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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**2. Summary of Significant Accounting Policies, continued**

***Revenue Recognition and Grants, continued***

Federal Section 5310 grant funds are recognized for financial reporting purposes as expenditures are made or liabilities are incurred in fulfilling the purpose of the grant award. Funds granted for paratransit provider services are recorded as revenue without donor restrictions, and funds designated for vehicle acquisitions are included in the accompanying statement of financial position as deferred support.

During the years ended June 30, 2021 and 2020, Access Services was awarded a Federal Transit Administration (“FTA”) Section 5310 Surface Transportation Program (“STPL-R”) grant of \$69,500,000 and \$70,988,000, respectively, to provide contract services for paratransit eligibility determination and transportation provision functions throughout the County of Los Angeles. As of June 30, 2021 and 2020, Access Services had received and recognized as revenue all the funds available under these grants for paratransit provider services.

In addition, Access Services has been awarded the following grants:

	<u>Grant Amounts</u>
On July 29, 2014, Access Services was awarded an FTA Section 5317 New Freedom grant for Service Area Expansion. The project’s scope of work consists of operating assistance to provide new paratransit service beyond what is required by ADA to/from origins/destinations outside Access Service’s area but within regions of Los Angeles County that are part of the Los Angeles-Long Beach-Anaheim area.	\$ 740,500
On January 1, 2017, Access Services was awarded an FTA Section 5317 New Freedom Service Area Expansion pass through grant from LACMTA to provide new paratransit service beyond what is required by the ADA to/from origins/destinations outside the Agency’s service area from/to the Lancaster-Palmdale Urbanized Area.	218,000
On July 27, 2017, Access Services was awarded an FTA Section 5316 Job Access and Reserve Commute Program pass through grant from LACMTA to purchase vehicles for replacement to expand and continue Access Services’ Access to Work program, which provides paratransit services for seniors and persons with disabilities throughout Los Angeles County.	2,313,033
On July 27, 2017, Access Services was awarded an FTA Section 5317 New Freedom Program pass through grant from LACMTA for operating assistance and vehicles replacement to expand and continue Access Services’ Access to Work program, which provides paratransit services for seniors and persons with disabilities throughout Los Angeles County.	2,262,567

**ACCESS SERVICES**  
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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**2. Summary of Significant Accounting Policies, continued**

***Revenue Recognition and Grants, continued***

	<u>Grant Amounts</u>
On August 1, 2019, Access Services was awarded an FTA Section 5310 Transfer Trip Program grant to provide paratransit services for seniors and persons with disabilities with seamless service and connectivity into the Los Angeles Basin area in the Lancaster-Palmdale and Santa Clarita areas.	357,414
On December 1, 2019, Access Services was awarded an FTA Section 5312 Transit Bus Automation Strategic Partnerships grant for accessible autonomous paratransit vehicle development, paratransit autonomous vehicle operations, and autonomous paratransit vehicle curbside operations.	120,000
On September 14, 2020, Access Services was awarded an FTA Section 5310 ADA Complementary Paratransit vehicle replacement grant to purchase replacement vehicles. As of June 30, 2021, Access recorded \$2,626,327 as a receivable for 27 eligible vehicle purchases made in advance of funding. As of June 30, 2021, Access Services had \$8,307,677 of additional funds available under the grant for future vehicle purchases.	10,934,004
On February 9, 2021, Access Services was awarded an FTA Section 5310 Enhanced Mobility Pilot Program Accessible Traveler Mobile App (“ATMA”) Pilot Program grant to test, integrate, and deploy the new application to Access Service’s Where’s My Ride mobile app.	330,000

***Concentration of Credit and Business Risk***

As a public benefit corporation, cash funds held at Wells Fargo and City National Bank are 100 percent collateralized in compliance with the requirements of the California Government Code.

Access Services received approximately 41% and 43% of its total funding for the years ended June 30, 2021 and 2020, respectively, from the FTA, and the receivable from the FTA accounted for 98% of total grants receivable as of June 30, 2021 and 2020. Any material reduction in the contract amounts granted would have a material adverse effect on the Organization’s business, results of operations, and financial condition. Management anticipates that each program will continue to be renewed in the foreseeable future. As of June 30, 2021 and 2020, \$3,255,995 and \$391,933, respectively, was due from FTA.

Access Services receives funding from LACMTA acting in its role as a Regional Transportation Planning Authority through an annual Memorandum of Understanding (“MOU”). During the years ended June 30, 2021 and 2020, this funding represented approximately 55% and 52%, respectively, of Access Services’ total funding received for the years then ended. As of June 30, 2021 and 2020, \$2,313,950 and \$5,893,158, respectively, was due from LACMTA.

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**2. Summary of Significant Accounting Policies, continued**

***Concentration of Credit and Business Risk, continued***

Access Services entered into long-term contracts (three to five years plus option years) with its transportation services vendors. Access Services has six such agreements in place with vendors who have been vetted through a rigorous RFP process ensuring each vendor has the financial and operational stability and strength to provide transportation services. These six vendors comprise 99% of the expense associated with transportation services, and 76% of the overall expenses of the Organization.

***Functional Allocation of Expenses***

The costs of providing the various program services and other activities of the Organization are shown on the statement of functional expenses. Expenses that can be identified with a specific activity are allocated directly according to their functional benefit. Salaries, benefits, and other related expenses are categorized to paratransit operations, eligibility determination, CTSA function and ride information, and management and general, primarily based on personnel job function.

Other indirect costs are allocated based on either the number of employees located within a department, estimated asset usage, or the nature of services provided.

***Income Taxes***

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 509(a)(1) of the Internal Revenue Code, is subject to federal income tax.

Access Services accounts for uncertain tax positions, if any, by recording a liability for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in its tax returns. The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the appropriate taxing authorities.

The Organization does not believe that its financial statements include any uncertain tax positions and accordingly, has not recorded a liability for unrecognized taxes in the accompanying financial statements.

***Cash and Cash Equivalents***

Cash and cash equivalents primarily consist of cash in bank checking accounts and money market funds with initial maturities of 90 days or less. For the purposes of the cash flow statement, cash and cash equivalents consists of cash on hand, and cash restricted for the purpose of funding the self-insured retention, unfunded pension liability, and accrued vacation liability.

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**2. Summary of Significant Accounting Policies, continued**

***Investments***

Investments in marketable securities with readily determinable fair values and investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets and are reported as an increase and decrease in net assets without donor restrictions. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or use) in the reporting period in which the income and gains are recognized.

***Property and Equipment, Net***

Property and equipment that is purchased is stated at cost. Major improvements and betterments to existing property and equipment are capitalized and the cost for maintenance and repairs which do not extend the useful life of the applicable assets are charged to expense when incurred. Upon disposition, the cost and accumulated depreciation of disposed assets are removed from the accounts and any resulting gains or losses are included in the statement of activities.

Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets as follows:

Vehicles and equipment	4 years
Office furniture and equipment	3 years
Software	3 years
Leasehold improvements	5 years

Property and equipment purchased with FTA project property funds are subject to federal regulations whereby any disposition of project property before the end of its useful life requires prior FTA approval. If project property is removed from service before the end of its useful life, the Organization is subject to a return of funds to the FTA of the amount of the undepreciated net asset value of the subject property.

After the service life of project property occurs, rolling stock and equipment with a current market value exceeding \$5,000 per unit, or unused supplies with a total aggregate fair market value of more than \$5,000, may be retained or sold by Access Services. In the event Access Services disposes of property and equipment purchased with federal funds, any proceeds in excess of \$5,000 must be used to reduce the gross project costs of another federally funded capital transit project. For rolling stock and equipment with a current market value of \$5,000 or less, or unused supplies with a total aggregate fair market value of \$5,000 or less, the asset may be retained, sold or otherwise disposed of with no obligation to reimburse the FTA.

The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of its property and equipment may not be recoverable. An impairment loss is recognized when the assets' carrying value exceeds both the assets' estimated undiscounted future cash flows and the assets' estimated fair value. Measurement of the impairment loss is then based on the estimated fair value of the assets. Considerable judgment is required to project such future cash flows and, if required, to estimate the fair value of the property and equipment and the resulting amount of the impairment. No impairment charges were recorded for property and equipment during the years ended June 30, 2021 and 2020.

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**2. Summary of Significant Accounting Policies, continued**

***Changes in Accounting Principles***

For the year ended June 30, 2021, the Organization adopted ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing and measuring revenue from contracts with customers. Pursuant to ASC Topic 606, revenue is recognized to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The adoption of ASC Topic 606 did not result in any significant changes in the way the Organization recognizes revenue.

***Recent Accounting Pronouncements***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). Under this new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with U.S. GAAP, the recognition, measurement, and presentation of expenses and cashflows arising from a lease by a lessee primarily will depend on its classification as a finance or operating lease. However, unlike current U.S. GAAP, which requires only capital leases to be recognized on the balance sheet, ASU 2016-02 will require both types of leases to be recognized on the balance sheet. ASU 2016-02 will take effect for fiscal years beginning after December 15, 2021 with early adoption permitted. The Organization is currently evaluating the impact of the pending adoption of ASU 2016-02 on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* (“ASU 2020-07”), to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU 2020-07 is required to be applied retrospectively for annual periods beginning after June 15, 2021 and interim periods within fiscal years beginning after June 15, 2022 with early adoption permitted. The Organization is currently evaluating the impact of the pending adoption of ASU 2020-07 on these financial statements.

**3. Liquidity and Availability of Financial Assets**

The following reflects the Organization’s financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed purpose restrictions within one year of the balance sheet date. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet dates, are comprised of the following as of June 30:

As of June 30, 2021 and 2020, the Organization had \$25,766,895 and \$21,075,434, respectively, of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization reviews its funding levels on an on-going basis to ensure they are adequate to meet its obligations.

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

**3. Liquidity and Availability of Financial Assets, continued**

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	\$ 20,140,243	\$ 14,645,117
Grants receivable	3,255,995	391,933
Due from LCMTA	2,313,950	5,893,158
Accounts receivable	56,707	145,226
Financial assets available to meet cash needs for general expenditures within one year	\$ 25,766,895	\$ 21,075,434

**4. Grants Receivable**

Grants receivable consisted of the following as of June 30:

	2021	2020
Section 5310 capital grant	\$ 2,626,327	\$ -
Section 5312 Transit Bus Automation Strategic Partnerships	66,000	-
Section 5310 Accessible Traveler Mobile App (ATMA)		
Pilot Project	330,000	-
Service expansion grant	159,418	185,573
Section 5310 transfer trip program	-	206,360
Other	74,250	-
Total	\$ 3,255,995	\$ 391,933

The Organization has not recorded an allowance for uncollectible grants or accounts receivable since management believes that it is probable that all receivables will be collected.

**5. Accounts Receivable and Deferred Revenue**

Accounts receivable generally consists of the sales of rider coupons by cities or transportation agencies not yet remitted to the Organization. Additionally, the Organization has recorded deferred revenue of \$113,844 and \$274,481 related to coupons sold but not utilized as of June 30, 2021 and 2020, respectively.

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

**6. Property and Equipment, Net**

Property and equipment, net consisted of vehicles, office furniture and equipment, software, construction in progress, and leasehold improvements as follows as of June 30:

	2021	2020
Vehicles and equipment	\$ 42,063,683	\$ 45,292,657
Software	4,185,753	2,916,819
Leasehold improvements	1,643,198	1,698,539
Construction in progress	152,595	1,061,608
Office furniture and equipment	1,192,494	1,451,405
Total property and equipment	49,237,723	52,421,028
Less: accumulated depreciation	(36,939,679)	(37,427,797)
Property and equipment, net	\$ 12,298,044	\$ 14,993,231

Depreciation expense was \$5,557,395 and \$5,414,044 for the years ended June 30, 2021 and 2020, respectively.

**7. Deferred Support**

Deferred support consisted of the following as of June 30:

	2021	2020
LACMTA funding	\$ 4,632,566	\$ 6,283,056
5310 transfer trip program	-	68,273
5310 capital grant	2,626,327	-
5310 ATMA grant	330,000	-
5312 Transit Bus Automation Strategic Partnerships	42,000	-
Access to work FTA JARC grant	809,853	1,269,158
Service expansion/ Adult Tether Strap grant	970,348	1,323,086
Other	74,250	-
Total	\$ 9,485,344	\$ 8,943,573

Deferred support amounts are committed for future acquisition of vehicles, capital expenditures, and current period and near-term operating expenditures.

Access Services receives funds from LACMTA for the support of operations, acquisition of vehicles, and other capital expenditures. These funds are initially recorded as deferred support and reported as a liability on the statement of financial position. Deferred support amounts are reduced based on the recognition of revenue, the timing of which may be different than the expenditures for operations, and the acquisition of vehicles and capital improvements. (See also Note 2).

All other deferred support consists of grants and in-kind contributions in which funds have been received but for which Access Services recognizes revenue when the respective expenses are incurred.

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**8. Retirement Plan**

Access Services established a 403(b)(7) tax sheltered annuity (“TSA”) plan in January 1995 under which employees may, by elective deferral under a salary reduction agreement, contribute to the plan. Contributions are applied to group or individual annuity contracts, or to custodial accounts holding regulated investment stock that meet the requirements of Section 403(b) of the Code. Contributions and investments are determined by the employees. During the years ended June 30, 2021 and 2020, there were no employer contributions to the Plan.

Access Services entered into an agreement on April 10, 2000, with the California Public Employees Retirement System (“CalPERS”), replacing the employee’s Social Security Administration program. Access Services requires mandatory employee participation in the CalPERS defined contribution program. For legacy members, the CalPERS program requires a 7.0% contribution of employees’ gross wages, which is currently being contributed by Access Services.

Access Services also contributes towards the employee account based on a CalPERS actuarial process, which was 8.794% and 8.081% of employees’ gross wages for the years ended June 30, 2021 and 2020, respectively.

Effective January 1, 2013, new employees are required to contribute 6.25% of their gross wages to the CalPERS Plan.

An employer should recognize annual pension expenditures/costs (“APC”) equal to its contractually required contributions to the plan. Pension liabilities and assets result from the difference between contributions required and contributions made.

The Organization utilizes the most recent actuarial information available at the time it prepares and issues its financial statements. As of June 30, 2021 and 2020, the most current available actuarial financial information from CalPERS was as of June 30, 2020 and 2019, respectively.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below as of June 30, 2020 and 2019 (the most up to date information currently available):

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount rate	7.15%
Salary increases	Varies by Entry Age and Service
Inflation	2.50%
Mortality rate table	Derived using CalPERS’ membership data for all Funds
Post-retirement benefit	Contract COLA up to 2.50% until purchasing power
Increase	Protection allowance floor on purchasing power applies

**ACCESS SERVICES**  
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**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

**8. Retirement Plan, continued**

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount rate	7.15%
Salary increases	Varies by Entry Age and Service
Inflation	2.50%
Mortality rate table	Derived using CalPERS' membership data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.50% until purchasing power
Increase	Protection allowance floor on purchasing power applies

***Required Supplementary Information***

**Trend Information**

Below is the trend information for employees hired prior to January 1, 2013:

	2021	2020
Entry Age Normal Accrued Liability	\$ 20,344,036	\$ 18,483,763
Market Value of Plan Assets	16,109,466	14,784,381
Unfunded Defined Benefit Plan Liability	4,234,570	3,699,382
Funded Ratio	79.2%	80.0%
Annual Covered Payroll	\$ 2,960,305	\$ 2,908,814

Below is the trend information for employees hired after January 1, 2013:

	2021	2020
Entry Age Normal Accrued Liability	\$ 1,958,731	\$ 1,460,806
Market Value of Plan Assets	1,732,819	1,305,050
Unfunded Defined Benefit Plan Liability	225,912	155,756
Funded Ratio	88.5%	89.3%
Annual Covered Payroll	\$ 2,489,193	\$ 2,156,790

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**8. Retirement Plan, continued**

***Required Supplementary Information, continued***

**Trend Information, continued**

The effect of any potential increase or decrease in unfunded defined benefit plan liability is not included in the budget request allotment from LACMTA. Access Services recorded the following defined benefit plan expense for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Contributions made during the year	\$ 909,400	\$ 827,572
Increase in unfunded defined benefit plan liability	<u>605,344</u>	<u>216,414</u>
Total	<u>\$ 1,514,744</u>	<u>\$ 1,043,986</u>

**9. Commitments and Contingencies**

***Litigation***

The Organization is subject to various legal proceedings and claims that have arisen in the ordinary course of business and that have not been fully adjudicated. The Organization has accrued a loss contingency reserve for these matters, using management's best estimate and judgment, in the amount \$7.4 million, which is included in accrued expenses in the financial statements. The outcome of litigation is inherently uncertain. If one or more legal matters are resolved against the Organization in a reporting period for amounts in excess of management's expectations, the Organization's financial condition and operating results for that reporting period could be materially adversely affected. Although it is not possible to predict the outcome of these matters, in the opinion of management, there was not at least a reasonable possibility the Organization may have incurred a material loss, or a material loss in excess of a recorded accrual, with respect to loss contingencies for asserted legal and other claims.

***Self-Insurance***

The Organization maintains a self-insurance program covering portions of vehicle and general liability insurance claims. Access Services bears the risk of loss for each individual claim up to \$100,000 per incident with an aggregate annual maximum of \$3.0 million. The amount in excess of the self-insured levels is fully insured by third-party insurers to coverage levels that the Organization considers adequate.

The Organization's self-insurance program is administered by a third party.

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2021 and 2020

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**9. Commitments and Contingencies, continued**

*Self-Insurance*, continued

A summary of the Organization's self-insured liability follows as of June 30:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 4,364,864	\$ 4,464,854
Charged to operating costs	1,790,639	1,111,834
Payments for claims	<u>(1,161,008)</u>	<u>(1,211,824)</u>
Balance at end of year	<u>\$ 4,994,495</u>	<u>\$ 4,364,864</u>

*Operating Leases*

Access Services leases a facility under a five-year non-cancellable operating lease agreement with LACMTA at \$50,000 per month, expiring on December 31, 2021 with two additional five-year options. Rent expense for both years ended June 30, 2021 and 2020 under this operating lease was \$612,149, including common area maintenance and other charges.

Access Services leases a facility in the City of Commerce under a non-cancellable operating lease agreement which expires on November 30, 2027. Rent expense for the years ended June 30, 2021 and 2020 under this operating lease was \$398,087 and \$372,759, respectively, including common area maintenance and other charges.

Total rent expense, including deferred rent incurred, was \$1,010,236 and \$984,908 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments under the Organization's non-cancelable operating lease are as follows:

	<u>Amount</u>
For the years ending June 30:	
2022	\$ 871,866
2023	880,022
2024	888,420
2025	897,080
2026	905,984
Thereafter	<u>1,839,297</u>
	<u>\$ 6,282,669</u>

**10. Subsequent Events**

The Organization evaluated subsequent events for recognition and disclosure through December 13, 2021, the date which these financial statements were available to be issued. Management determined there were no material subsequent events that required recognition or disclosure.

**SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2021  
IN COMPLIANCE WITH UNIFORM GUIDANCE**

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ended June 30, 2021

Federal grantor program title	Federal CFDA Number	Grant Number	Effective Date	Program or Award Amount	Expenditures
<b><i>U.S. Department of Transportation</i></b>					
Surface Transportation Program Local Regional Section 5310 Grant Elderly and Individuals with Disabilities	20.513	CA-2020-162-00	July 1, 2020	\$ 69,500,000	\$ 69,500,000 *
Service Area Expansion Section 5317 - New Freedom	20.521	CA-57-X104-00	July 29, 2014	740,500	21,491 *
Section 5310 Grant Transfer Trip Program Enhanced Mobility of Seniors and Individuals with Disabilities into the Los Angeles Basin area in the Lancaster-Palmdale and Santa Clarita areas	20.513	CA-2019-124-00	August 1, 2019	357,414	68,273 *
<b>Pass-through grantor program title</b>					
<b><i>U.S. Department of Transportation</i></b>					
Pass through from Los Angeles County Metropolitan Transportation Authority - Service Area Expansion Section 5317 - New Freedom Funds	20.521	CA-57-X100-01	January 1, 2017	218,000	10,825 *
Pass through from Los Angeles County Metropolitan Transportation Authority - Job Access and Reserve Commute Program Section 5316 Funds	20.516	CA-37-X100	July 27, 2017	2,313,033	459,305 *
Pass through from Los Angeles County Metropolitan Transportation Authority - New Freedom Program Section 5317 Funds	20.521	CA-57-X100	July 27, 2017	2,262,567	320,422 *
Pass through from The University of South Florida Board of Trustees Transit Bus Automation Strategic Partnerships	20.514	FL-2018-123-00	December 1, 2019	120,000	78,000
Total				<u>\$ 75,511,514</u>	<u>\$ 70,458,316</u>

\* These grants are identified as part of the Transit Services Program Cluster.

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
June 30, 2021

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Access Services under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of Access Services, it is not intended to and does not present the financial position, changes in net assets or cash flows of Access Services.

**2. Summary of Significant Accounting Policies**

***Expenditures***

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A122, Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Access Services has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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

To the Board of Directors  
Access Services  
El Monte, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Access Services (a California nonprofit public benefit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Access Services' internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Access Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Access Services' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 the 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Access Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BPM LLP

San Jose, California  
December 13, 2021

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

To the Board of Directors  
Access Services  
El Monte, California

### Report on Compliance for Each Major Federal Program

We have audited Access Services' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Access Services' major federal programs for the year ended June 30, 2021. Access Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Access Services' 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 Access Services' 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 each major federal program. However, our audit does not provide a legal determination of Access Services' compliance.

### Opinion on Each Major Federal Program

In our opinion, Access Services 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, 2021.

## Report on Internal Control over Compliance

Management of Access Services 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 Access Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Access Services' 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.

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.

BPM LLP

San Jose, California  
December 13, 2021

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2021

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**Section I: Summary of Audit Results**

***Financial Statements***

- |  |               |
|--|---------------|
| 1. Type of independent auditors' report issued:              | Unmodified    |
| 2. Internal control over financial reporting:                |               |
| • Material weaknesses identified?                            | No            |
| • Significant deficiencies identified?                       | None reported |
| 3. Noncompliance material to the financial statements noted? | No            |

***Federal Awards***

- |   |               |
|---|---------------|
| 4. Internal control over major programs:  |               |
| • Material weaknesses identified?   | No            |
| • Significant deficiencies identified?  | None reported |
| 5. Type of auditors' report issued on compliance for major programs:                                      | Unmodified    |
| 6. Audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No            |
| 7. Identification of major programs:  |               |

<u>CFDS Number</u>	<u>Name of Federal Program</u>
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities - Section 5310 Grant – Transit Services Programs Cluster
20.516	Access to Work – JARC Program – Transit Services Programs Cluster
20.521	New Freedom Program – Transit Services Programs Cluster

- |   |             |
|---|-------------|
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$2,113,749 |
| 9. Auditee qualified as a low risk auditee?                                 | Yes         |

**ACCESS SERVICES**  
**(A California Nonprofit Public Benefit Corporation)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2021

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**Section II: Financial Statement Findings**

No matters were reported.

**Section III: Federal Award Findings and Questioned Costs**

No matters were reported.

**Section IV: Status of Prior Year Findings**

No matters were reported.