Access Services
(A California Nonprofit Public Benefit Corporation)

Financial Statements and Supplementary Information

June 30, 2025 and 2024

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ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Access Services
El Monte, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Access Services (a California nonprofit public benefit corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Access Services as of June 30, 2025 and 2024, 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Access Services 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.

Litigation Uncertainty

As discussed in Note 15 to the financial statements, Access Services is a defendant in various lawsuits that have arisen in the ordinary course of business related both to its operations as well as employment practices. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 Access Services' ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. 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 U.S. 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 Access Services' 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 Access Services' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 U.S. GAAS. 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 December 19, 2025 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

Long Beach, California
December 19, 2025

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION
As of June 30, 2025 and 2024

	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,695,950	$ 13,407,862
Short-term investments at fair value	7,572,034	17,752,028
Grants receivable	79,668	14,903,156
Due from LACMTA	11,140,736	5,753,046
Accounts receivable	1,418,276	272,079
Prepaid expenses and other current assets	904,339	3,630,358
Total current assets	24,811,003	55,718,529
Property and equipment, net	86,139,095	28,591,469
Other assets:		
Restricted cash	48,232,222	45,453,024
Right-of-use asset - operating leases, net	4,230,675	4,990,645
Deposits	40,830	40,830
Total other assets	52,503,727	50,484,499
Total assets	$ 163,453,825	$ 134,794,497
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 4,414,023	$ 5,020,021
Contractors payable	20,806,602	25,998,197
Accrued expenses	12,366,966	15,192,176
Unfunded defined benefit plan liability	6,559,885	6,690,264
Self insurance accruals	7,245,693	8,775,259
Deferred support	1,341,378	15,228,804
Deferred revenue	1,114,433	744,732
Short-term lease liability - operating	809,486	787,775
Short-term loans payable	3,137,280	-
Total current liabilities	57,795,746	78,437,228
Long-term liabilities:		
Long-term lease liability - operating	3,526,290	4,335,775
Long-term loans payable	20,344,952	-
Total long-term liabilities	23,871,242	4,335,775
Total liabilities	81,666,988	82,773,003
Commitments and contingencies (Note 15)		
Net assets:		
Without donor restrictions:		
Board designated - for facility development expenditures	23,084,497	24,645,692
Undesignated	58,702,340	27,375,802
Total without donor restrictions	81,786,837	52,021,494
Total net assets	81,786,837	52,021,494
Total liabilities and net assets	$ 163,453,825	$ 134,794,497

ACCESS SERVICES
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STATEMENTS OF ACTIVITIES
For the years ended June 30, 2025 and 2024

	2025	2024
Without donor restrictions:		
Revenue and support:		
Los Angeles County MTA funds	$ 175,131,022	$ 166,519,008
Section 5307 funds	109,849,303	82,429,060
Section 5310 funds	10,585,681	12,132,226
Passenger revenues	10,381,864	9,930,807
Interest and investment income	4,046,054	5,530,332
Facilities Development and Construction Fund	4,018,283	867,623
Claims recovery	1,803,975	-
Lease Income	1,035,869	-
Gain (loss) on disposal of assets	522,891	268,220
Other government revenue	115,629	1,191,994
Other revenue	112,174	59,594
Section 5317 funds	34,300	37,716
Total revenue and support	317,637,045	278,966,580
Operating expenses:		
Program services:		
Paratransit operations	264,382,265	239,032,285
Eligibility determination	11,503,608	9,906,284
CTSA function	455,626	430,219
Total program services expenses	276,341,499	249,368,788
Supporting services:		
Management and general	11,530,203	12,273,443
Total expenses	287,871,702	261,642,231
Changes in net assets	29,765,343	17,324,349
Net assets, beginning of year	52,021,494	34,697,145
Net assets, end of year	$ 81,786,837	$ 52,021,494

ACCESS SERVICES
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STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended June 30, 2025 and 2024

	2025						2024					
	Program Services				Supporting Services		Program Services				Supporting Services	
	Paratransit Operations	Eligibility Determination	CTSA Function	Total Program Services	Management and General	Total Expenses	Paratransit Operations	Eligibility Determination	CTSA Function	Total Program Services	Management and General	Total Expenses
Purchased transportation services (net of lease and liquidated damages)	$ 233,710,984	$ 3,560,710	$ -	$ 237,271,694	$ -	$ 237,271,694	$ 211,093,351	$ 2,222,152	$ -	$ 213,315,503	$ -	$ 213,315,503
Salaries and related benefits	3,991,206	481,242	313,143	4,785,591	6,941,366	11,726,957	3,765,506	472,432	295,800	4,533,738	6,480,284	11,014,022
Insurance and claims	9,565,382	112,964	979	9,679,325	297,892	9,977,217	14,248,215	109,733	918	14,358,866	307,337	14,666,203
Eligibility determination	-	4,574,749	-	4,574,749	-	4,574,749	-	4,704,898	-	4,704,898	-	4,704,898
Contracted customer services	2,964,705	-	-	2,964,705	-	2,964,705	2,933,145	-	-	2,933,145	-	2,933,145
Network and telecom maintenance	740,703	10,102	1,140	751,945	1,549,183	2,301,128	647,806	39	164	648,009	1,570,816	2,218,825
Professional services	216,137	264	2,000	218,401	1,119,439	1,337,840	165,862	-	-	165,862	1,039,225	1,205,087
Travel training	-	1,247,904	-	1,247,904	-	1,247,904	-	1,052,020	-	1,052,020	-	1,052,020
Office and equipment rent	194,113	527,136	16,901	738,150	352,710	1,090,860	194,113	527,354	16,901	738,368	350,180	1,088,548
Communications	441,726	164,471	23,453	629,650	252,466	882,116	321,232	155,933	21,448	498,613	184,954	683,567
Vehicle costs	603,890	7,668	-	611,558	28,014	639,572	451,634	958	-	452,592	1,905	454,497
Printed materials	101,646	352,767	-	454,413	32,935	487,348	113,635	286,415	-	400,050	12,151	412,201
Postage/mailing	15,349	286,414	3,070	304,833	64,011	368,844	12,866	196,166	2,699	211,731	30,167	241,898
Promotions/events	206,027	42,125	51,368	299,520	40,454	339,974	182,040	39,318	11,349	232,707	47,390	280,097
Other expenses	43,827	5,120	39,084	88,031	226,199	314,230	20,114	4,607	66,989	91,710	101,599	193,309
Security	200,000	-	-	200,000	-	200,000	200,000	-	-	200,000	-	200,000
Travel and conference	8,497	-	1,150	9,647	124,050	133,697	11,125	-	1,835	12,960	135,717	148,677
Repairs and maintenance	-	73,557	-	73,557	33,214	106,771	139	17,569	-	17,708	17,621	35,329
Other related employee expense	429	150	-	579	105,747	106,326	9,413	1,000	1,995	12,408	125,118	137,526
Office supplies	19,667	5,220	2,688	27,575	35,285	62,860	11,865	4,597	4,194	20,656	28,220	48,876
Business meetings and meals	1,385	-	650	2,035	39,383	41,418	602	-	5,927	6,529	14,705	21,234
Tether pilot program	-	26,256	-	26,256	-	26,256	-	93,961	-	93,961	-	93,961
Board and advisory committee compensation	-	-	-	-	13,208	13,208	-	-	-	-	19,375	19,375
Temporary personnel	-	-	-	-	1,315	1,315	-	-	-	-	8,657	8,657
Total expenditures before certain noncash charges	253,025,673	11,478,819	455,626	264,960,118	11,256,871	276,216,989	234,382,663	9,889,152	430,219	244,702,034	10,475,421	255,177,455
Increase (decrease) in unfunded defined benefit plan liability	-	-	-	-	(130,379)	(130,379)	-	-	-	-	775,520	775,520
Depreciation and amortization	11,356,592	24,789	-	11,381,381	403,711	11,785,092	4,649,622	17,132	-	4,666,754	1,022,502	5,689,256
Total expenses	$ 264,382,265	$ 11,503,608	$ 455,626	$ 276,341,499	$ 11,530,203	$ 287,871,702	$ 239,032,285	$ 9,906,284	$ 430,219	$ 249,368,788	$ 12,273,443	$ 261,642,231

ACCESS SERVICES
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STATEMENTS OF CASH FLOWS
For the years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 29,765,343	$ 17,324,349
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on disposal of assets	(522,891)	(268,220)
Depreciation and amortization	11,785,092	5,689,256
Operating lease right-of-use asset amortization	759,974	749,825
Realized/unrealized loss (gain) on investments	(130,384)	252,096
(Increase) decrease in operating assets:		
Grants receivable	14,823,488	1,196,070
Due from LACMTA	(5,387,690)	(5,566,528)
Accounts receivable	(1,146,197)	(139,834)
Prepaid expenses and other current assets	2,726,019	7,045,674
Increase (decrease) in operating liabilities:		
Accounts payable	(605,999)	1,957,060
Contractors payable	(5,191,595)	5,135,988
Accrued expenses	(2,825,210)	2,993,398
Unfunded defined benefit plan liability	(130,379)	775,520
Self insurance accruals	(1,529,566)	2,370,492
Deferred support	(13,887,426)	(13,097,581)
Deferred revenue	369,701	188,036
Operating lease liability	(787,774)	(768,902)
Net cash provided by operating activities	28,084,506	25,836,699
Cash flows from investing activities:		
Proceeds from sales of investments	579,836,337	604,412,447
Purchases of investments	(569,525,962)	(596,176,475)
Proceeds from sale of equipment	522,894	307,566
Acquisition of property and equipment	(69,332,721)	(28,096,752)
Net cash used in investing activities	(58,499,452)	(19,553,214)
Cash flows from financing activities:		
Procceds from issuance of debt	25,000,000	-
Principal payments on debt	(1,517,768)	-
Net cash provided by financing activities	23,482,232	-
Net change in cash and cash equivalents	(6,932,714)	6,283,485
Cash, cash equivalents, and restricted cash, beginning of year	58,860,886	52,577,401
Cash, cash equivalents, and restricted cash, end of year	$ 51,928,172	$ 58,860,886
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 715,568	$ -
Taxes	$ -	$ -

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of such amounts shown above:

	2025	2024
Cash and cash equivalents	$ 3,695,950	$ 13,407,862
Restricted cash	48,232,222	45,453,024
	$ 51,928,172	$ 58,860,886

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. The Organization is designated as Los Angeles County's Consolidated Transportation Services Agency ("CTSA") and administers the Los Angeles County Coordinated Paratransit Plan (the "Plan") on behalf of the County's 46 public fixed route operators (i.e., bus and rail). Pursuant to the Plan, the Organization 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 ¾ of a mile of any fixed route bus operated by the Los Angeles County public fixed route bus operators and within ¾ 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 7 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.

The Organization 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. The Organization 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 3.9 million trips per year to more than 118,000 qualified disabled riders in a service area of over 1,950 square miles. The Organization receives its funding for these services from Proposition C sales tax, Measure M, Federal 5310 grants, Federal 5307 grants, and fare box revenue.

In its function as the CTSA, the Organization 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.

The Organization is governed by a nine-member Board of Directors (the "Board") 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.

1. Organization and Purpose, continued

Access Program Services

Paratransit Operations – This program encompasses all services required to deliver ADA paratransit. This includes functions such as reservations, customer call center, information lines, ETA lines, and the delivery of paratransit services across the service region.

Eligibility Determination – This function of this department is to conduct assessments of potential riders to ensure that they meet the ADA eligibility requirements for participation in ADA paratransit.

CTSA Function – In its function as the CTSA, The Organization 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.

2. Summary of Significant Accounting Policies

Accounting Principles

The Organization's 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 and/or management for general operations and not subject to donor restrictions.

Board-designated net assets: In April 2022, the Organization established a Board-designated operating reserve policy for the purpose of a future investment into a construction and development fund that would allow the Organization to potentially own the facilities that the Organization's contractors operate out of for both economic and operational reasons.

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. As of June 30, 2025 and 2024, there were no net assets with donor restrictions.

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.

2. Summary of Significant Accounting Policies, continued

Financial Statement Presentation, continued

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 U.S. GAAP 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.

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.

Contributed Nonfinancial Assets

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteer services are not recognized as contributions in the financial statements since the recognition criteria were not met. Contributed nonfinancial assets are presented as a separate line item in the statements of activities, apart from contributions of cash and other financial assets. The Organization is required to disclose (a) a disaggregation of the amount of contributed nonfinancial assets recognized within the statements of activities by category that depicts the type of contributed nonfinancial assets and (b) for each category of contributed nonfinancial assets recognized provides: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, the Organization will disclose a description of the programs or other activities in which those assets were used; (ii) the Organization's policy about monetizing rather than utilizing contributed non-financial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) a description of the valuation techniques and inputs used to arrive at a fair value measure; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure.

2. Summary of Significant Accounting Policies, continued

Revenue Recognition and Grants

The Organization 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, the Organization 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.

The Organization primarily receives revenue from Federal Section 5307 grants, Proposition C discretionary funds, Los Angeles County Measure M funds, and other grants, and passenger fares for paratransit services provided. Revenues are deemed to be earned when allowable expenses are incurred or recognized by the Organization. Revenue received for the acquisition of capital assets (i.e., equipment) is recognized when the assets are acquired.

As of June 30, 2025 and 2024, amounts received but not earned, are included in the accompanying statements of financial position as deferred support. The Organization and LACMTA entered into a funding agreement, which provided the Organization with Proposition C discretionary funds of $153,865,953, Measure M funds of $18,287,939 and a reserve of $15,000,000 for the year ended June 30, 2025. LACMTA funding is subject to audit and retroactive adjustment by outside third parties; however, in the opinion of management, the Organization has provided adequate reserves for any such circumstances.

Federal Section 5307 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 statements of financial position as deferred support.

For the years ended June 30, 2025 and 2024, the Organization was awarded a Federal Transit Administration ("FTA") Section 5307 STGB funds for the provision of ADA Complementary Paratransit Service grant of $205,700,000 and $80,000,000, respectively, to provide contract services for paratransit eligibility determination and transportation provision functions throughout the County of Los Angeles. As of June 30, 2025 and 2024, the Organization had received and recognized as revenue $109,300,040 and $80,000,000, respectively, under these grants for paratransit provider services.

2. Summary of Significant Accounting Policies, continued

Revenue Recognition and Grants, continued

In addition, the Organization was awarded the following grants:

	Grant Amounts	Amounts Outstanding
On January 1, 2017, the Organization 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	$ 59,794
On September 14, 2020, the Organization was awarded an FTA Section 5310 ADA Complementary Paratransit vehicle replacement grant for the purchase of replacement vehicles. As of June 30, 2025, the Organization fully utilized the award by purchasing 128 eligible vehicles.	10,934,004	-
On May 25, 2018, the Organization was awarded County-Based Medi-Cal Program grant to improve the availability and accessibility of Medi-Cal services to Medi-Cal eligible and potentially eligible individuals, and their families.	4,000,000	79,668
On May 17, 2023, the Organization was awarded an FTA Section 5307 Additional Assistance grant for purchase of parts, vehicle repair, rehabilitation and preventative maintenance. As of June 30, 2025, the Organization fully utilized the award.	5,000,000	-
On September 5, 2023, the Organization was awarded an FTA Section 5310 ADA Complementary Paratransit vehicle replacement grant for the purchase of replacement vehicles. As of June 30, 2025, the Organization fully utilized the award by purchasing 58 eligible vehicles.	7,051,359	-
On July 14, 2023, the Organization was awarded an FTA Section 5310 ADA Complementary Paratransit vehicle replacement grant for the purchase of replacement vehicles. As of June 30, 2025, the Organization fully utilized the award by purchasing 21 eligible vehicles.	7,746,426	-
	$ 34,949,789	$ 139,462

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

Revenue from Contracts with Customers

The Organization revenue is recognized to depict the transfer of goods or services to customers at an amount that the Organization expects to be entitled to in exchange for those goods or services. To accomplish that core principle, the Organization utilizes a five-step process as follows: (i) identifies the contract, or contracts, with a customer; (ii) identifies of the performance obligations in the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, it satisfies a performance obligation.

The Organization charged fares to certain passengers. Fares are distance-based and currently range from $2.75 to $3.50 for each one-way trip. For the years ended June 30, 2025 and 2024, passenger revenues were $10,381,864 and $9,930,807, respectively.

Current Expected Credit Loss

On July 1, 2023, the Organization adopted Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), and all related subsequent amendments ("ASC 326"), which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial assets using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. Similar financial assets are grouped into separate pools based on unique financial characteristics, and an allowance is calculated for each pool. The Organization adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost and as a result, there was no impact to the Organization's beginning net assets.

The Organization has elected to use the loss rate method to calculate the allowance for current expected credit losses. The Organization believes that the historical loss information it has compiled is a reasonable base on which to determine current expected credit losses from grants and accounts receivable held as of June 30, 2025.This is because the composition of the grants and accounts receivable at that date is consistent with that used in developing the historical credit loss percentage (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). The Organization has applied these loss percentage calculations to each of the separate pools of unique financial assets.

It is the Organization's policy to charge off uncollectible grants and accounts receivable when, based on current information and events, it is probable that the Organization will be unable to collect amounts due according to the original grant terms of the receivable agreement, without regard to any subsequent restructuring. The Organization's management has determined that an allowance for current expected credit loss was not necessary as of June 30, 2025 and 2024.

2. Summary of Significant Accounting Policies, continued

Concentration of Credit and Business Risk

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

The Organization received approximately 38% and 34% of its total funding for the years ended June 30, 2025 and 2024, respectively, from the FTA, and the receivable from the FTA accounted for 0% and 92% of total grants receivable as of June 30, 2025 and 2024, respectively. 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, 2025 and 2024, $0 and $13,711,162, respectively, was due from FTA.

The Organization receives funding from LACMTA acting in its role as a Regional Transportation Planning Authority through an annual Memorandum of Understanding ("MOU"). For the years ended June 30, 2025 and 2024, this funding represented approximately 55% and 60%, respectively, of the Organization's total funding received for the years then ended. As of June 30, 2025 and 2024, $11,140,736 and $5,753,046, respectively, was due from LACMTA.

The Organization entered into long-term contracts (three to five years plus option years) with its transportation services vendors. The Organization 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 98% of the expense associated with transportation services, and 82% 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 statements 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 ("IRC") 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 IRC, is subject to federal income tax.

The Organization 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.

2. Summary of Significant Accounting Policies, continued

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, accrued vacation liability, and facilities development expenditures.

The Organization applies the provision of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 230, Statement of Cash Flows, and presents combined inflows and outflows of cash and restricted cash in the statements of cash flows (see Note 4).

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 statements 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
Building	40 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 the Organization. In the event the Organization disposes of property and equipment purchased with federal funds for proceeds of $10,000 or less, the Organization is permitted to retain the full proceeds from the disposition. If the proceeds are greater than $10,000, the Organization may retain $5,000 and the percentage of the local share in the original award of the remaining proceeds, with the remaining federal share turned to 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 for the years ended June 30, 2025 and 2024.

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 statements 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.

Leases

The Organization adheres to FASB ASC 842, *Leases*, which establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the statements of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. Leases with a term of less than 12 months will not record a ROU asset and lease liability and the payments will be recognized in the change in net assets on a straight-line basis over the lease term.

3. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position dates, reduced by amounts not available for general use because of contractual or donor-imposed purpose restrictions within one year of the statement of financial position dates.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations come due. The Organization reviews its funding level on an on-going basis to ensure they are adequate to meet its obligations. Occasionally, the Board designates a portion of any excess cash which are held in short-term investments accounts toward future facilities development expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position dates, were comprised of the following as of June 30:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 3,695,950	$ 13,407,862
Short-term investments	7,572,034	17,752,028
Grants receivable	79,668	14,903,156
Due from LCMTA	11,140,736	5,753,046
Accounts receivable	1,418,276	272,079
Total financial assets available within one year	23,906,664	52,088,171
Less: amounts unavailable for general expenditures due to:		
Receivable to be collected when expenses incur	(41,277)	(893,060)
Receivable to be collected when vehicles purchased	(1,079,831)	(10,585,681)
Financial assets available to meet cash needs for general expenditures within one year	$ 22,785,556	$ 40,609,430

4. Restricted Cash

Restricted cash classified as non-current assets consisted of the following as of June 30:

	2025	2024
Self-insurance retention	$ 7,245,693	$ 8,775,259
Unfunded pension liability	6,559,885	6,690,264
Accrued vacation liability	1,342,147	1,323,526
Accrued litigation liability	10,000,000	-
Facilities development fund	23,084,497	28,663,975
Total	$ 48,232,222	$ 45,453,024

5. Grants Receivable

Grants receivable consisted of the following as of June 30:

	2025	2024
Medical	$ 79,668	$ 201,152
Section 5310 capital grant	-	12,699,021
Section 5307 ARPA High Mileage Vehicle	-	1,012,141
Employee Retention Credit	-	990,842
Total	$ 79,668	$ 14,903,156

6. 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, the sale proceeds of disposals of assets, and other income receivables. Additionally, the Organization has recorded deferred revenue of $1,114,433 and $744,732 related to prepaid ride coupons sold but not utilized as of June 30, 2025 and 2024, respectively.

Deferred revenue consisted of the following as of June 30:

	2025	2024
Deferred revenue at beginning of year	$ 744,732	$ 556,696
Increase in deferred revenue	3,296,339	744,732
Amounts recognized to revenue	(2,926,638)	(556,696)
Deferred revenue at end of year	$ 1,114,433	$ 744,732

6. Accounts Receivable and Deferred Revenue, continued

Accounts receivable consisted of the following as of June 30:

	2025	2024
Accounts receivable at beginning of year	$ 272,079	$ 132,245
Increase in accounts receivable	1,160,612	159,000
Collections	(14,415)	(19,166)
Accounts receivable at end of year	$ 1,418,276	$ 272,079

7. Property and Equipment, Net

Property and equipment, net consisted of the following as of June 30:

	2025	2024
Vehicles and equipment	$ 87,642,641	$ 67,097,103
Software	3,374,400	3,347,697
Leasehold improvements	1,657,769	1,658,116
Land	17,609,912	-
Building	17,648,586	-
Construction in progress	2,054,665	1,141,774
Office furniture and equipment	1,320,936	1,240,983
Total property and equipment	131,308,909	74,485,673
Less: accumulated depreciation	(45,169,814)	(45,894,204)
Property and equipment, net	$ 86,139,095	$ 28,591,469

For the years ended June 30, 2025 and 2024, depreciation expenses were $11,785,092 and $5,689,256, respectively. During the year ended June 30, 2025 and 2024, the Organization acquired a total number of 234 vehicles for approximately $33,000,000 and 211 vehicles for approximately $27,000,000, respectively.

During the year ended June 30, 2025, the Organization acquired a real property for a total consideration of $35,258,498 of which, $25,000,000 was financed by a third-party lender. Total purchase price was allocated between land and building by $17,609,912 and $17,648,586, respectively.

8. Investments and Fair Value Measurements

The Organization adheres to ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The Organization also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

8. Investments and Fair Value Measurements, continued

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments in Level 1 includes listed equities, bond instruments, and mutual funds held in the name of the Organization.

Level 2 – Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

The inputs and methodology used for valuing the Organization's financial assets and liabilities are not indicators of the risks associated with those instruments.

As of June 30, 2025 and 2024, short-term investments at fair value, consisted of the following:

	June 30, 2025			
	Level 1	Level 2	Level 3	Total
U.S. Treasury debt securities	$ 7,572,034	$ -	$ -	$ 7,572,034
Total investments	$ 7,572,034	$ -	$ -	$ 7,572,034

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
U.S. Treasury debt securities	$ 17,752,028	$ -	$ -	$ 17,752,028
Total investments	$ 17,752,028	$ -	$ -	$ 17,752,028

The following methods and assumptions were used to estimate the fair values of the assets and liabilities in the table above:

Level 1: Fair Value Measurements – Investments in Debt Securities: The fair value of the Organization's investments in marketable debt securities is based on quoted market prices.

9. Notes Payable

On December 1, 2024, the Organization entered into a Loan Agreement with CN Financing, Inc., a California corporation, the California Infrastructure and Economic Development Bank, a public entity duly organized and validly existing under the laws of the State of California, as issuer. The Loan Agreement provides for borrowings not to exceed $25,000,000 with a lender. The Loan matures on December 1, 2031. The loan bears interest from the Closing Date to the Maturity Date at a rate per annum equal to the sum of (i) the Applicable Margin plus (ii) the Benchmark (such rate, the “Applicable Loan Rate”); provided, however, that the Applicable Loan Rate shall not be less than 2.00%. The effective interest rate as of June 30, 2025 was 5.36% per annum. The Organization shall make payments of principal and interest monthly on the first Business Day of each month commencing on January 2, 2025, and continuing to the Maturity Date in accordance with the terms of the Loan Agreement.

Under the terms of the loan agreement, the Organization must comply with certain financial covenants including, (i) a Debt Service Coverage Ratio of at least 1.10 to 1.00, measured annually, based on the audited financial statements of the Organization as of each fiscal year-end, commencing with the fiscal year ending June 30, 2025 and (ii) Unencumbered Liquid Assets in an amount not less than the Liquidity Requirement, measured semi-annually as of each June 30 and December 31, commencing on June 30, 2025.

The proceeds of this $25,000,000 loan were used to purchase property in December 2024. As of June 30, 2025, borrowing outstanding under the Loan was $23,482,232.

Principal payments of the loan are as follows:

For the year ending June 30:	
2026	$ 3,137,280
2027	3,294,993
2028	3,462,377
2029	3,642,324
2030	3,827,592
Thereafter	6,117,666
	$ 23,482,232

10. Leases

On October 20, 2016, the Organization signed a noncancelable office lease for its eligibility center that commenced on June 1, 2017, for 126 months, expiring on December 31, 2027. The base monthly rent was $20,079 for the first year with an annual increase of 3%.

On November 1, 2017, the Organization signed a noncancelable office lease that commenced on January 1, 2017, for 5 years with two additional 5-year options. Management’s intention is to exercise the extension option, and the expiration is therefore December 31, 2032. The base monthly rent is $50,000 for the entire period.

On August 11, 2021, the Organization signed a noncancelable office lease that commenced on August 10, 2021, for 138 months, expiring on November 30, 2025. The base monthly rent was $1,097 for the first year with an annual increase of 3%. In August 2025, the Organization exercised its right to extend the lease term for an additional one year, expiring on November 30, 2026.

10. Leases, continued

Supplemental statements of financial position information related to leases as of June 30, 2025:

ROU asset - operating	$	4,990,645
ROU asset - operating, accumulated amortization		(759,970)
ROU asset - operating leases, net	$	4,230,675
Short-term lease liability - operating	$	809,486
Long-term lease liability - operating		3,526,290
Total lease liabilities - operating	$	4,335,776

Supplemental cash flow information related to leases as of June 30, 2025:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	1,089,646
Lease assets obtained in exchange for lease obligations:		
Operating lease	$	5,111,646

Other information related to leases as of June 30, 2025:

Operating leases:	
Weighted-average remaining lease term (in years)	6.66
Weighted-average discount rate	2.41%

As of June 30, 2025, future maturities of lease liabilities are presented in the following table:

Year ending June 30:		
2026	$	905,264
2027		914,388
2028		734,925
2029		600,000
2030		600,000
Thereafter		900,000
Total lease payments		4,654,577
Less: Interest		(318,801)
Present value of lease liabilities	$	4,335,776

11. Employee Retention Credit

During the year ended June 30, 2024, the Organization applied for the Employee Retention Credit ("ERC") established under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The ERC is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, which was established by the CARES Act and further amended by the Consolidated Appropriations Act and the American Rescue Plan. The Organization has met the ERC's eligibility requirements and accordingly recognized the amount to be received of $990,842 as a grant income and receivable on the statement of activities and statement of financial position as of and for the year ended June 30, 2024. As of June 30, 2025, the Organization fully collected the receivable.

12. Lease Income

On December 3, 2024, the Organization signed an assignment and assumption of lease agreement that expires on January 31, 2027. The base monthly rent was $28,280 for 2024 with an annual increase of 3%.

On November 22, 2024, the Organization signed an assignment and assumption of lease agreement that expires on January 31, 2027. The base monthly rent was $171,652 for 2024 with an annual increase of 3%. Starting January through April 2025, the tenant encountered financial issues and failed to make rent payments. The tenant vacated the premises in April 2025. Subsequent to the fiscal year ended June 30, 2025, the Organization settled a lawsuit to collect the unpaid rent of $686,607.

As of June 30, 2025, the Organization had recognized $1,035,869 as lease income on the statement of activities and had recorded $686,607 as receivable on the statement of financial position.

Lease payments receivable due in:		
2026	$	353,910
2027		210,016
Total lease payments to be received	$	563,926

13. Deferred Support

A summary of the Organization's deferred support was as follows as of June 30:

	2025		2024	
Deferred support at beginning of year	$	15,228,804	$	28,326,385
Increase in deferred support		153,903,173		163,280,284
Expenses incurred		(127,476,162)		(161,006,327)
Capital assets acquired		(40,314,437)		(15,371,538)
Deferred support at end of year	$	1,341,378	$	15,228,804

13. Deferred Support, continued

Deferred support consisted of the following as of June 30:

	2025	2024
LACMTA funding	$ 1,300,101	$ -
Service expansion/Adult Tether Strap grant	41,277	75,577
5310 capital grant	-	10,585,681
Facilities development fund	-	4,018,283
5307 ARPA grant	-	549,263
5310 Transfer Trips grant	-	-
Total	$ 1,341,378	$ 15,228,804

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

The Organization 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 statements 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 Note 2).

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

14. Retirement Plan

The Organization established a 403(b)(7) tax sheltered annuity plan (the "TSA Plan") in January 1995 under which employees may, by elective deferral under a salary reduction agreement, contribute to the TSA 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 IRC. Contributions and investments are determined by the employees. For the years ended June 30, 2025 and 2024, there were no employer contributions to the TSA Plan.

The Organization entered into an agreement on April 10, 2000, with the California Public Employees Retirement System ("CalPERS"), replacing the employee's Social Security Administration program. The Organization requires mandatory employee participation in the CalPERS defined contribution program. For legacy members, the CalPERS program requires a 7.00% contribution of employees' gross wages, which is currently being contributed by the Organization.

The Organization also contributes towards the employee account based on a CalPERS actuarial process, which was 10.15% and 10.10% of employees' gross wages for the years ended June 30, 2025 and 2024, respectively.

Effective January 1, 2013, new employees are required to contribute 7.87% of their gross wages to the CalPERS Plan.

14. Retirement Plan, continued

An employer should recognize annual pension expenditures/costs ("APC") equal to its contractually required contributions to the TSA 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, 2025 and 2024, the most current available actuarial financial information from CalPERS was as of June 30, 2024.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below as of June 30, 2024 (the most up to date information currently available):

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount rate	6.90%
Salary increases	Varies by Entry Age and Service
Inflation	2.30%
Mortality rate table	Derived using CalPERS' membership data for all Funds
Post-retirement benefit	Contract COLA up to 2.30% until purchasing power
Increase	Protection allowance floor on purchasing power applies

Trend Information

For the years ended June 30, 2025 and 2024 below is the trend information:

	2025	2024
Entry age normal accrued liability	$ 34,636,571	$ 31,274,758
Market value of plan assets	$ 28,076,686	$ 24,584,494
Unfunded defined benefit plan liability	$ 6,559,885	$ 6,690,264
Funded ratio	81.1%	78.6%
Annual covered payroll	$ 7,636,846	$ 7,236,776

14. Retirement Plan, 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. The Organization recorded the following defined benefit plan expense for the years ended June 30:

	2025	2024
Contributions made during the year	$ 1,386,762	$ 1,222,956
(Decrease) increase in unfunded defined benefit plan liability	(130,379)	775,520
Total	$ 1,256,383	$ 1,998,476

15. Commitments and Contingencies

Litigation

The Organization is a defendant in various lawsuits in normal course of business including passengers and employment related, which seek damages totaling approximately $102,000,000. The Organization accrued for attorney fees and other legal costs in the amount of $10,000,000, based on the advice of the Organization's legal counsel and management experiences with these matters and historical trend. Management believes that the settlement amounts will be covered by the insurance coverage and will provide protection for any potential adverse impact over the accrual amount. The outcome of litigation is inherently uncertain. Although it is not possible to protect the outcome of these matters, in the opinion of management, there is not at least a reasonable possibility the Organization may incur a material loss, or a material loss in excess of a recorded accrual, with respect to loss contingencies for asserted legal and other claims (see Note 16).

In March 2025, the Organization settled a case filed by a passenger alleging negligence against the Organization, claiming the negligence contributed to the passenger to suffer a broken hip. The claim that the Plaintiff submitted to the Organization was for $5,000,000 and was settled for $237,000. The settlement amount was covered by the insurance coverage.

In January 2025, the Organization settled a case filed by a passenger alleging negligence of the driver contributed to the passenger's injury. The claim that the Plaintiff submitted to the Organization was for $1,000,000 and was settled for $145,000. The settlement amount was covered by the insurance coverage.

Self-Insurance

The Organization maintains a self-insurance program covering portions of vehicle and general liability insurance claims. The Organization bears the risk of loss for each individual claim up to $500,000 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.

15. Commitments and Contingencies, continued

Self-Insurance, continued

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

	2025	2024
Balance at beginning of year	$ 8,775,259	$ 6,404,767
Charged to operating costs	1,202,295	3,639,221
Payments for claims	(2,731,861)	(1,268,729)
Balance at end of year	$ 7,245,693	$ 8,775,259

16. Subsequent Events

The Organization evaluated subsequent events for recognition and disclosure through December 19, 2025, the date which these financial statements were available to be issued. Management determined there were no material subsequent events that require recognition or disclosure except as disclosed below.

In September 2025, the Organization settled a case filed by passenger family alleging negligence against the Organization, claiming the driver negligently maneuvered the wheelchair inside the van that contributed to the death of the passenger. The claim that the Plaintiff submitted to the Organization was for $3,000,000 and was settled for $749,914.

SUPPLEMENTARY INFORMATION
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, 2025

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Grant Number	Effective Date	Program or Award Amount	Total Federal Expenditures	
U.S. Department of Transportation							
FY21 and FY22 STBG Transfer to 5307 - Provision of ADA Complementary Paratransit Services	20.507		CA-2023-193-01	September 13, 2023	$ 95,000,000	$ 15,000,000	**
FY 2022-2024 STBG Transfer to 5307 Provision of ADA Complementary Paratransit Services	20.507		CA-2025-003-00	January 3, 2025	190,700,000	94,300,040	**
ADA Complementary Paratransit Vehicle Replacement Section 5310 Grant Enhanced Mobility of Seniors and Individuals with Disabilities Program	20.513		CA-2020-284-00	September 14, 2020	10,934,004	230,438	*
5310 ADA Complementary Paratransit Vehicle Replacement FY21	20.513		CA-2023-127-00	July 14, 2023	7,746,426	3,303,885	*
5310 ADA Complementary Paratransit Vehicle Replacement FY22	20.513		CA-2023-223-00	September 7, 2023	7,051,359	7,051,359	*
ARP Section 5307 Additional Assistance (Discretionary ID: D2022-RPAU-001) Purchase of Parts, Vehicle Repair Rehabilitation and Preventative Maintenance	20.507		CA-2023-045-00	January 20, 2020	5,000,000	549,263	**
U.S. Department of Transportation							
Pass-through from Los Angeles County Metropolitan Transportation Authority - Service Area Expansion							
Section 5317 - New Freedom Funds	20.521	MOUFY25ACCE SS29000	CA-57-X104-00	January 1, 2017	218,000	34,300	*
U.S. Department of Health and Human Services							
Pass-through from County of Los Angeles							
County-Based Medi-Cal Administrative Activities (CMAA)	93.778	PH-003493		May 25, 2018	4,000,000	115,629	
Total					$ 320,649,789	$ 120,584,914	

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

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, 2025. 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 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.

3. Indirect Cost Rate

Access Services has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
Access Services
El Monte, 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 Access Services, which comprise the statement of financial position as of June 30, 2025, 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 December 19, 2025.

Report on 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) 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 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 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 or significant deficiencies may exist that were not identified.

Report on 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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BPM LLP

Long Beach, California
December 19, 2025

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Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance

To the Board of Directors
Access Services
El Monte, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Access Services' compliance with the types of compliance requirements identified as subject to audit 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, 2025. Access Services' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Access Services complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Access Services and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Access Services' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Access Services' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Access Services' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Access Services' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Access Services' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Access Services' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Access Services' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

BPM LLP

Long Beach, California
December 19, 2025

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 federal programs:	
	• Material weaknesses identified?	No
	• Significant deficiencies identified?	None reported
5.	Type of auditors' report issued on compliance for major federal 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 federal programs:	

Assistance Listing Numbers	Name of Federal Program or Cluster
20.513, 20.521	Transit Services Programs Cluster
20.507	Federal Transit Cluster

8.	Dollar threshold used to distinguish between type A and type B programs:	$3,000,000
9.	Auditee qualified as a low risk auditee?	Yes

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.