

ACCESS SERVICES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

AUDITED FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION AND REPORTS
IN COMPLIANCE WITH UNIFORM GUIDANCE
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019

ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S 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, 2020 and 2019, and the related statements of activities, 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.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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, 2020 and 2019, 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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 November 5, 2020, 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
November 13, 2020

ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENTS OF FINANCIAL POSITION

As of June 30,	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,645,117	\$ 2,807,280
Short-term investments at fair value	-	25,140,669
Grants receivable	391,933	5,246,430
Due from LACMTA	5,893,158	6,172,941
Accounts receivable	145,226	108,767
Prepaid expenses and other assets	7,350,640	5,096,063
Total current assets	28,426,074	44,572,150
Property and equipment, net	14,993,231	9,956,240
Other Assets		
Cash equivalents restricted to self-insured retention (SIR)	4,364,864	-
Cash equivalents restricted to unfunded pension liability	3,855,138	-
Cash equivalents restricted to accrued vacation	687,023	-
Deposits	39,129	39,129
Total other assets	8,946,154	39,129
Total assets	\$ 52,365,459	\$ 54,567,519
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 5,312,524	\$ 3,006,265
Contractors payable	10,544,539	13,622,366
Accrued expenses	1,723,907	1,285,637
Unfunded defined benefit plan liability	3,855,138	3,638,724
Self insurance accruals	4,364,864	4,464,854
Deferred support	8,943,573	18,271,403
Deferred revenue	274,481	277,073
Deferred rent	177,076	166,327
Total current liabilities	35,196,102	44,732,649
Commitments and contingencies		
Net assets:		
Without donor restrictions	17,169,357	9,834,870
Total net assets	17,169,357	9,834,870
Total liabilities and net assets	\$ 52,365,459	\$ 54,567,519

The accompanying notes are an integral part of these financial statements

ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENTS OF ACTIVITIES

<i>For the years ended June 30,</i>	2020	2019
Without donor restrictions		
Revenue and support:		
Los Angeles County MTA funds	\$ 95,251,540	\$ 94,589,610
Section 5310 funds	76,359,574	70,958,997
Passenger revenues	8,958,284	10,260,845
Section 5317 funds	1,258,178	390,725
Toll grant	1,130,925	-
Section 5316 funds	1,043,875	663,144
Investment return, net	447,956	107,150
Gain on disposal of assets	256,407	523,715
Other revenue	65,556	196,555
Interest income	42,593	115,500
Total revenue and support	184,814,888	177,806,241
Operating expenses:		
Program services		
Paratransit operations	154,605,606	153,709,746
Eligibility determination	9,284,554	9,633,573
CTSA function	475,214	268,532
Supporting services		
Management and general	7,479,569	7,322,472
Total expenses before certain noncash charges	171,844,943	170,934,323
Increase in unfunded defined benefit plan liability	216,414	586,427
Depreciation	5,414,044	5,953,256
Total expenses	177,475,401	177,474,006
Changes in net assets before taxes		
Provision for income taxes	5,000	8,203
Change in net assets	7,334,487	324,032
Net assets, beginning of year	9,834,870	9,510,838
Net assets, end of year	\$ 17,169,357	\$ 9,834,870

The accompanying notes are an integral part of these financial statements

ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENTS OF FUNCTIONAL EXPENSES

	2020					2019				
	Paratransit operations	Program Services Eligibility determination	CTSA function	Supporting Services Management and general	Total expenses	Paratransit operations	Program Services Eligibility determination	CTSA function	Supporting Services Management and general	Total expenses
Purchased transportation services (net of lease and liquidated damages)	\$ 139,927,510	\$ 1,802,103	\$ -	\$ -	\$ 141,729,613	\$ 139,775,943	\$ 1,566,597	\$ -	\$ -	\$ 141,342,540
Salaries and related benefits	2,496,833	584,283	407,937	4,574,172	8,063,225	2,322,405	533,159	222,243	4,270,891	7,348,698
Insurance and claims	6,008,425	71,802	757	490,094	6,571,078	5,113,203	64,477	710	485,544	5,663,934
Eligibility determination	-	4,686,731	-	-	4,686,731	-	5,221,896	-	-	5,221,896
Communications	2,090,219	243,425	7,966	121,074	2,462,684	2,140,723	146,031	4,225	106,421	2,397,400
Contracted customer services	2,093,909	-	-	-	2,093,909	2,209,373	-	-	-	2,209,373
Network and telecom maintenance	796,088	3,599	849	447,241	1,247,777	882,332	2,797	420	417,031	1,302,580
Professional services	123,936	9,946	3,463	1,053,237	1,190,582	132,160	54,193	-	1,254,865	1,441,218
Office and equipment rent	194,164	427,488	16,901	346,355	984,908	194,113	440,682	16,901	344,093	995,789
Travel training	-	745,819	-	-	745,819	-	837,130	-	-	837,130
Printed materials	129,143	399,957	-	8,412	537,512	78,200	438,158	-	13,031	529,389
Vehicle costs	264,142	96	-	870	265,108	207,321	550	-	498	208,369
Promotions/events	172,228	35,575	6,365	37,868	252,036	279,613	41,662	3,333	73,339	397,947
Postage/mailing	14,232	183,218	1,549	20,558	219,557	14,069	178,816	2,694	33,529	229,108
Security	200,000	-	-	-	200,000	200,000	-	-	-	200,000
Other expenses	7,716	733	24,205	73,341	105,995	4,633	1,964	12,890	43,133	62,620
Other related employee expense	6,387	105	2,255	84,846	93,593	5,358	-	64	76,633	82,055
Travel and conference	6,875	-	477	69,652	77,004	29,563	-	3,179	83,727	116,469
Tether pilot program	-	67,395	-	-	67,395	-	88,941	-	-	88,941
Temporary personnel	26,663	-	-	37,112	63,775	106,574	-	-	39,785	146,359
Business meetings and meals	318	6	1,069	46,994	48,387	1,788	866	464	34,671	37,789
Office supplies	46,818	3,982	1,421	32,678	84,899	12,375	5,997	1,409	22,096	41,877
Board and advisory committee compensation	-	-	-	31,094	31,094	-	-	-	9,938	9,938
Repairs and maintenance	-	18,291	-	3,971	22,262	-	9,657	-	13,247	22,904
Total expenditures before certain noncash charges	154,605,606	9,284,554	475,214	7,479,569	171,844,943	153,709,746	9,633,573	268,532	7,322,472	170,934,323
Increase in unfunded defined benefit plan liability	-	-	-	216,414	216,414	-	-	-	586,427	586,427
Depreciation	4,872,535	314,731	-	226,778	5,414,044	5,380,874	310,478	-	261,904	5,953,256
Total expenses	\$ 159,478,141	\$ 9,599,285	\$ 475,214	\$ 7,922,761	\$ 177,475,401	\$ 159,090,620	\$ 9,944,051	\$ 268,532	\$ 8,170,803	\$ 177,474,006

The accompanying notes are an integral part of these financial statements

ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
STATEMENTS OF CASH FLOWS

<i>For the years ended June 30,</i>	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 7,334,487	\$ 324,032
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Non-cash items included in change in net assets:		
Gain on disposal of assets	(237,671)	(523,715)
Depreciation and amortization	5,414,044	5,953,256
Realized/unrealized gain (loss) on investments	107,150	(107,150)
(Increase) decrease in operating assets:		
Grants receivable	4,854,497	6,483,220
Due from LACMTA	279,783	(45,236)
Accounts receivable	(36,459)	(43,554)
Prepaid expenses and other assets	(2,254,577)	1,260,677
Increase (decrease) in operating liabilities:		
Accounts payable	2,306,259	183,887
Contractors payable	(3,077,827)	3,162,327
Accrued expenses	438,270	505,217
Unfunded defined benefit plan liability	216,414	586,427
Self insurance accruals	(99,990)	(224,487)
Deferred support	(9,327,830)	(15,719,131)
Deferred revenue	(2,592)	19,927
Deferred rent	10,749	18,219
Net cash provided by operating activities	5,924,707	1,833,916
Cash flows from investing activities:		
Proceeds from sales of investments	386,031,711	30,078,000
Purchases of investments	(378,812,242)	(55,111,519)
Proceeds from sale of equipment	262,597	666,630
Acquisition of property and equipment	(10,475,961)	(5,753,246)
Net cash used in investing activities	(2,993,895)	(30,120,135)
Cash flows from financing activities:		
Collections of supports restricted for purposes:		
Payment of self-insured retention	4,364,864	-
Payment of unfunded pension liability	3,855,138	-
Payment of accrued vacation	687,023	-
Net cash provided by financing activities	8,907,025	-
Net increase (decrease) in cash and cash equivalents	11,837,837	(28,286,219)
Cash and cash equivalents, beginning of year	2,807,280	31,093,499
Cash and cash equivalents, end of year	\$ 14,645,117	\$ 2,807,280

The accompanying notes are an integral part of these financial statements

ACCESS SERVICES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 1: ORGANIZATION AND PURPOSE

Access Services (the "Organization") was incorporated in the State of California as a nonprofit 501(c)(3) public benefit corporation on March 31, 1994. Access Services is designated as Los Angeles County's Consolidated Transportation Services Agency ("CTSA") pursuant to California Gov. Code §15975(a) and public entity pursuant to California Gov. Code §15975(b). The Organization administers the Los Angeles County Coordinated Paratransit Plan ("Plan") on behalf of the County's 45 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 are important providers as a form of transportation. Complementary ADA paratransit is a federally mandated civil right for persons with disabilities who cannot ride public fixed route buses and trains. Access Services also provides certain limited services which exceed the minimum required by the ADA.

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 approximately 3.0 million trips per year to almost 141,000 qualified disabled riders in a service area of over 1,950 square miles. Access Services receives its funding for these services from Proposition C, Measure M, Federal 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

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 1: ORGANIZATION AND PURPOSE - CONTINUED

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting principles:

Access Services' financial statements are prepared in conformity with generally accepted accounting principles ("GAAP") of the United States of America, using the accrual basis of accounting, and follow the guidelines in the American Institute of Certified Public Accountants' ("AICPA's") Audit and Accounting Guide, "Audits of Certain Nonprofit Organizations."

In preparing these financial statements, we evaluated the period July 1, 2020 through November 13, 2020, the date the financial statements were available for issuance, for material subsequent events requiring recognition or disclosure in the accompanying financial statements.

Financial statement presentation:

In accordance with ASC 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*, 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.

As of and for the years ended June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Financial statement presentation:

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.

In June 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 requires that an entity determine 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 assets. The Organization follows the guidance of ASU 2018-08 when it receives contributions.

After a contribution has been deemed unconditional, an entity would then consider 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 amendments in ASU 2018-08 became effective on a modified prospective basis for the fiscal years ended June 30, 2020 and the adoption of ASU 2018-08 did not have a significant impact on the accompanying financial statements.

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.

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. Long-term borrowings are also carried at amounts that approximate fair value.

As of and for the years ended June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue recognition and grants:

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) are recognized as the assets are acquired.

Amounts received but not earned as of June 30, 2020 and 2019 are included in the accompanying statement of financial position as deferred support. Access Services and LACMTA entered into a Funding Agreement for the fiscal year ended June 30, 2020, which provided Access Services with Proposition C funds of \$81,472,348, Measure M funds of \$12,898,500 and a reserve of \$3.5 million. 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 situations (See note 8).

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, 2020 and 2019, Access Services was awarded a Federal Transit Administration (“FTA”) Section 5310 Surface Transportation Program (“STPL-R”) grants of \$70,988,000 and \$66,000,000, respectively, to provide contract services for paratransit eligibility determination and transportation provision functions throughout the County of Los Angeles. As of June 30, 2020 and 2019, 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:

- (i) On July 29, 2014, Access Services was awarded an FTA Section 5317 New Freedom grant for Service Area Expansion in the amount of \$740,500. 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 area but within regions of Los Angeles County that are part of the Los Angeles-Long Beach-Anaheim area.
- (ii) On March 4, 2016 Access Services was awarded an FTA Section 5310 Capital for Enhanced Mobility of Seniors and Individuals with Disabilities Program grant of \$7,072,604 to purchase one hundred twenty-seven (127) replacement ADA compliant vehicles for the continuation of existing ADA complementary paratransit services and five expansion ADA compliant vehicles for the expanded service capacity of ADA complementary paratransit services within the specified areas. The grant was passed through from LACMTA to Access Services to complete the project.

ACCESS SERVICES

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NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenue recognition and grants:

- (iii) On January 1, 2017, Access Services was awarded an FTA Section 5317 New Freedom Service Area Expansion grant of \$218,000 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. The grant was passed through from LACMTA to Access Services to complete the project's scope of work.
- (iv) On July 27, 2017, Access was awarded an FTA Section 5316 Job Access and Reserve Commute Program grant of \$2,313,033 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. The grant was passed through from LACMTA to Access Services to complete the project.
- (v) On July 27, 2017, Access was awarded an FTA Section 5317 New Freedom Program grant of \$2,262,567 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. The grant was passed through from LACMTA to Access Services to complete the project.
- (vi) On December 30, 2017, Access Services was awarded an FTA Section 5310 ADA Complementary Paratransit Vehicle Replacement grant of \$10,139,411 for the purchase of 195 ADA accessible vehicles for replacements for the contractors servicing Los Angeles, Santa Clarita, and Lancaster areas.
- (vii) On August 1, 2019, Access Services was awarded an FTA Section 5310 Transfer Trip Program grant of \$357,414 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.
- (viii) On June 5, 2017, Access Services was awarded Metro Express Lanes Net Toll revenue reimbursements fund of \$1,130,925 to purchase twenty alternative fueled vehicles or Compressed Natural Gas (CNG) fueled minivans. This allowed for Access to provide the same number of rider trips but with fewer vehicles than if the trips had been provided in private automobiles.

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.

As of and for the years ended June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Concentration of credit and business risk:

Access Services received approximately 43% and 41% of its total funding for the years ended June 30, 2020 and 2019, respectively, from the FTA, and the receivable from the FTA accounted for 100% of total grants receivable at June 30, 2020 and 2019. 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.

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, 2020 and 2019, this funding represented approximately 52% and 53%, respectively, of Access Services' total funding received for the fiscal years then ended. As of June 30, 2020 and 2019, \$5,893,158 and \$6,172,941, respectively, was due from LACMTA.

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 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 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.

As of and for the years ended June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income taxes:

Under the new Internal Revenue Code Section 512(a)(7), certain employer-provided fringe benefits are considered unrelated business income ("UBI") and are subject to income tax. During the years ended June 30, 2020 and 2019, Access Services paid for bus and train passes and Metro B-Tap cards for some employees. The payments by the Organization were classified as UBI under the 2017 Tax Cuts and Jobs Act as qualified transportation benefits resulting in an income tax charge of \$5,000 and \$8,203, respectively.

The Organization follows the provisions of FASB ASC 740-10, *Income Taxes* and subsections. Accordingly, 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.

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:

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.

ACCESS SERVICES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and equipment:

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 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, 2020 and 2019.

New accounting standards not yet adopted:***Accounting for leases***

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. 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 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 GAAP, which requires only capital leases to be recognized on the balance sheet, the new ASU will require both types of leases to be recognized on the balance sheet. ASU 2016-02 will take

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NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New accounting standards not yet adopted:

Accounting for leases

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.

Revenue from contracts with customers

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers,” which establishes a comprehensive revenue recognition standard in U.S. GAAP. ASU 2014-09 is effective for fiscal years beginning after December 15, 2019. The Organization is currently evaluating the effect the adoption of ASU 2014-09 will have on the financial statements.

NOTE 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:

<i>As of June 30,</i>	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 14,645,117	\$ 2,807,280
Grants receivable	391,933	5,246,430
Due from LCMTA	5,893,158	6,172,941
Accounts receivable	145,226	108,767
Short-term investments at fair value	-	25,140,669
Financial assets available to meet cash needs for general expenditures within one year	\$ 21,075,434	\$ 39,476,087

At June 30, 2020 and 2019, the Organization had \$21,075,434 and \$39,476,087, 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

As of and for the years ended June 30, 2020 and 2019

NOTE 4: GRANTS RECEIVABLE

Grants receivable consist of:

<i>As of June 30,</i>	2020	2019
Section 5310 capital grant	\$ -	\$ 4,909,313
Service expansion grant	185,573	337,117
Section 5310 transfer trip program	206,360	-
Total	\$ 391,933	\$ 5,246,430

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.

NOTE 5: ACCOUNTS RECEIVABLE AND DEFERRED REVENUE

Accounts receivable generally consist 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 \$274,481 and \$277,073 related to coupons sold, but not utilized as of June 30, 2020 and 2019, respectively.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consist of vehicles, office furniture and equipment, software, construction in progress, and leasehold improvements as follows:

<i>As of June 30,</i>	2020	2019
Vehicles and equipment	\$ 45,292,657	\$ 39,213,931
Software	2,916,819	3,292,564
Leasehold improvements	1,698,539	1,683,700
Construction in progress	1,061,608	-
Office furniture and equipment	1,451,405	1,442,838
Total property and equipment	52,421,028	45,633,033
Less: accumulated depreciation	(37,427,797)	(35,676,793)
Property and equipment, net	\$ 14,993,231	\$ 9,956,240

Depreciation expense for the years ended June 30, 2020 and 2019 was \$5,414,044 and \$5,953,256, respectively.

ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 7: DEFERRED SUPPORT

Deferred support consists of the following:

<i>As of June 30,</i>	2020	2019
LACMTA funding	\$ 6,283,056	\$ 7,163,748
5310 transfer trip program	68,273	5,082,433
Access to work FTA JARC grant	1,269,158	2,313,033
Service expansion/Adult Tether Strap grant	1,323,086	2,581,264
MTA capital toll grant	-	1,130,925
Total	\$ 8,943,573	\$ 18,271,403

Deferred support amounts are committed for future acquisitions 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 in which funds have been received but for which Access Services recognizes revenue when the respective expenses are incurred.

NOTE 8: INVESTMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value which focuses on an exit price between market participants in an orderly transaction as prescribed by ASC 820. The standard 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.

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

Level I – Quoted prices are available in active markets for identical investments as of the reporting date.

Level II – 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.

ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 8: INVESTMENTS - CONTINUED

Level III – Pricing inputs are unobservable for the investments 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 judgement or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended June 30, 2020 and 2019.

The following table summarizes the valuation of the investments by the ASC 820 fair value hierarchy levels as of June 30, 2019:

<i>As of June 30, 2019</i>	Level I	Level II	Level III	Total
U.S. treasury / agency securities	\$ -	\$ 25,140,669	\$ -	\$ 25,140,669
Total investment	\$ -	\$ 25,140,669	\$ -	\$ 25,140,669

U.S. treasury/agency securities are reported at fair value on a recurring basis determined by reference to quoted market prices for similar investments and other relevant information generated by market transactions. At June 30, 2020, the Organization had investments in money market accounts and classified as cash and cash equivalents. There were no investments in U.S. treasury / agency securities.

Net investment income and net realized and unrealized gains consisted of the following:

<i>For the years ended June 30,</i>	2020	2019
Dividends & interest	\$ 555,106	\$ 79,738
Net realized & unrealized (loss) gains	(107,150)	107,150
Total	\$ 447,956	\$ 186,888

NOTE 9: 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, 2020 and 2019, there were no employer contributions to the Plan.

In November 2019, Access Services and the International City Management Association Retirement Corporation (ICMA-RC) established a 457(b) Governmental Deferred Compensation plan and Trust and 403(b) tax-sheltered annuity plan under which employees may, by elective deferral under a salary reduction agreement, contribute to the plan(s).

ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 9: RETIREMENT PLAN – CONTINUED

Contributions are applied to designated plan(s) or to custodial accounts holding regulated investment stock that meet the requirements of Section 457(b) and 403(b) of the Code. Contributions and investments are determined by the employees. During the year ended June 30, 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 8.081% and 7.634% of employees’ gross wages for the years ended June 30, 2020 and 2019, respectively.

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

Under Governmental Accounting Standards Board (“GASB”) 68 –*Accounting and Financial Reporting for Pensions*, 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. At June 30, 2020 and 2019, the most current available actuarial financial information from CalPERS was as of June 30, 2019 and 2018, respectively.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below as of June 30, 2019 and 2018 (the most up to date information currently available):

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 Protection allowance floor on purchasing power applies

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 9: RETIREMENT PLAN – CONTINUED

Valuation Date	June 30, 2018
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, 2.50% thereafter

Required supplementary information:

Trend information

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

For the years ended June 30,	2020	2019
Entry Age Normal Accrued Liability	\$ 18,483,763	\$ 16,971,864
Market Value of Plan Assets	14,784,381	13,442,049
Unfunded Defined Benefit Plan Liability	3,699,382	3,529,815
Funded Ratio	80.0%	79.2%
Annual Covered Payroll	\$ 2,908,814	\$ 2,786,038

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

For the years ended June 30,	2020	2019
Entry Age Normal Accrued Liability	\$ 1,460,806	\$ 1,055,093
Market Value of Plan Assets	1,305,050	946,184
Unfunded Defined Benefit Plan Liability	155,756	108,909
Funded Ratio	89.3%	89.7%
Annual Covered Payroll	\$ 2,156,790	\$ 1,984,849

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, 2020 and 2019:

For the years ended June 30,	2020	2019
Contributions made during the year	\$ 827,572	\$ 821,932
Increase (Decrease) in unfunded defined benefit plan liability	216,414	586,427
Total	\$ 1,043,986	\$ 1,408,359

ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 10: 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 outcome of litigation is inherently uncertain. If one or more legal matters were 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:

On June 21, 2009, the Organization implemented 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.

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

<i>As of June 30,</i>	2020	2019
Balance at beginning of year	\$ 4,464,854	\$ 4,689,341
Charged to operating costs	1,111,834	1,049,746
Payments for claims	(1,211,824)	(1,274,233)
Balance at end of year	\$ 4,364,864	\$ 4,464,854

Operating lease:

Access Services leases its 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 the years ended June 30, 2020 and 2019 under this operating lease was \$612,149 and \$612,149, respectively, including common area maintenance and other charges.

On June 1, 2017, Access Services leased a new facility in City of Commerce under a non-cancellable operating lease agreement which expires on November 30, 2027. Rent expense for the years ended June 30, 2020 and 2019 under this operating lease was \$372,759 and \$383,640, respectively, including common area maintenance and other charges.

Total rent expense, including deferred rent, incurred for the years ended June 30, 2020 and 2019 was \$984,908 and \$995,789, respectively.

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

As of and for the years ended June 30, 2020 and 2019

NOTE 10: COMMITMENTS AND CONTINGENCIES - CONTINUED

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

<i>For the years ending June 30,</i>	Amount
2021	\$ 863,950
2022	871,866
2023	880,022
2024	888,420
2025	897,080
Thereafter	1,656,083
	<hr/>
	\$ 6,057,421

NOTE 11: SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic and resulting global disruptions have caused significant economic uncertainty and volatility in financial markets. As a result, this could materially affect the amounts reported in the statements of financial position and statements of activities. At this time, because of the uncertainty of the markets and the economy, management is not able to estimate the impact the pandemic may have on the accompanying financial statements.

SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020
IN COMPLIANCE WITH UNIFORM GUIDANCE

ACCESS SERVICES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

	Federal CFDA number	Grant number	Effective dates	Program or award amount	Expenditures
<i>For the year ended June 30, 2020</i>					
<u>Federal grantor program title</u>					
<u>U.S. Department of Transportation:</u>					
Surface Transportation Program Local Regional Section 5310 Grant Elderly and Individuals with Disabilities	20.513	Note D	July 1, 2019	\$ 70,988,000	\$ 70,988,000 *
ADA Complementary Paratransit Vehicle Replacement Section 5310 Grant Enhanced Mobility of Seniors and Individuals with Disabilities Program	20.513	Note E	December 30, 2017	10,139,411	4,909,313 *
Service Area Expansion Section 5317 - New Freedom	20.521	Note F	July 29, 2014	740,500	131,087 *
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	Note G	August 1, 2019	357,414	289,141 *
<u>Pass-through grantor program title</u>					
<u>U.S. Department of Transportation</u>					
Pass through from Los Angeles County Metropolitan Transportation Authority - Section 5310 Grant - Enhanced Mobility of Seniors and Individual with Disabilities Program	20.513	Note H	March 4, 2016	7,072,604	173,120 *
Pass through from Los Angeles County Metropolitan Transportation Authority - Service Area Expansion Section 5317 - New Freedom Funds	20.521	Note I	January 1, 2017	218,000	12,533 *
Pass through from Los Angeles County Metropolitan Transportation Authority - Job Access and Reserve Commute Program Section 5316 Funds	20.516	Note J	July 27, 2017	2,313,033	1,043,875 *
Pass through from Los Angeles County Metropolitan Transportation Authority - New Freedom Program Section 5317 Funds	20.521	Note K	July 27, 2017	2,262,567	1,114,558 *
Total				\$ 94,091,529	\$ 78,661,627

* These Grants are Identified as Part of the Transit Services Program Cluster. Total Federal Awards Expended for the Cluster are \$78,661,627.

ACCESS SERVICES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Notes to Schedule of Expenditures of Federal Awards:

- Note A – 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, 2020. 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.
- Note B – 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.
- Note C – Access Services has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.
- Note D – Program award was granted under Federal project number CA-2019-172-02 for the total cost reimbursement of \$80,185,248 with an 11.47% local match, netting to \$70,988,000 federal share of the award. During the fiscal year ending June 30, 2020, all of the funds were expended on contract number CA-2019-172-02.
- Note E – Program award was granted under Federal project number CA-2017-059-00 Section 5310 ADA Complementary Paratransit Vehicle Replacement Grant. The total cost of the project is \$10,238,000 with a local match of 0.96%, netting federal share of \$10,139,411. As of June 30, 2020, Access Services had expended \$10,139,411 of the fund of which \$4,909,313 was expended during the year ended June 30, 2020.
- Note F – Program award was granted under Federal project number CA-57-X104-00 New Freedom Service Area Expansion Grant. The total cost of the project is \$1,481,000 with a local match of 50%, netting federal share of \$740,500. As of June 30, 2020, Access Services had expended \$582,791 of the fund of which \$131,087 was expended during the year ended June 30, 2020.
- Note G – Program award was granted under Federal project number CA-2019-124-00 Section 5310 Transfer Trip Program Grant. The total cost of the project is \$476,552 with a local match of 25%, netting federal share of \$357,414. As of June 30, 2020, Access Services had expended \$289,141 of the fund of which \$289,141 was expended during the year ended June 30, 2020.

ACCESS SERVICES

(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

NOTES TO SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

- Note H – Program award was granted under Federal project number CA-16-X067 Section 5310 Capital Enhanced Mobility of Seniors and Individuals with Disabilities Program Grant. The award was passed through from LACMTA to Access Services to complete the project. The total cost of the project is \$7,175,469 with a local match of 1.43%, netting federal share of \$7,072,604. As of June 30, 2020, Access Services had expended \$7,072,604 of the fund of which \$173,120 was expended during the year ended June 30, 2020 .
- Note I – Program award was granted under Federal project number CA-57-X100-01 New Freedom Service Area Expansion Grant. The award was passed through from LACMTA to Access Services to complete the project. The total cost of the project is \$436,000 with a local match of 50%, netting federal share of \$218,000. As of June 30, 2020, Access Services had expended \$44,623 of the fund of which \$12,533 was expended during the year ended June 30, 2020.
- Note J – Program award was granted under Federal project number CA-37-X100 Job Access and Reserve Commute Program Grant. The award was passed through from LACMTA to Access Services to complete the project. The total cost of the project is \$2,891,291 with a local match of 20%, netting federal share of \$2,313,033. As of June 30, 2020, Access Services had expended \$1,043,875 of the fund of which \$1,043,875 was expended during the year ended June 30, 2020.
- Note K – Program award was granted under Federal project number CA-57-X100 New Freedom Program Grant. The award was passed through from LACMTA to Access Services to complete the project. The total cost of the project is \$4,056,709 with a local match of 44%, netting federal share of \$2,262,567. As of June 30, 2020, Access Services had expended \$1,270,566 of the fund of which \$1,114,558 was expended during the year ended June 30, 2020.

INDEPENDENT AUDITOR'S 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, 2020, 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 November 13, 2020.

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 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.

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

Compliance and other matters

As part of obtaining reasonable assurance about whether 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 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

Long Beach, California
November 13, 2020



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INDEPENDENT AUDITOR’S 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, 2020. 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.

Auditor’s 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (continued)

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, 2020.

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

Long Beach, California
November 13, 2020

bpmcpa.com

ACCESS SERVICES
 (A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2020

SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified opinion

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Type of auditor’s report issued on compliance for major federal award programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516 (a)? Yes No

Audited as Major Program:

CFDA Numbers

Name of Federal Program or Cluster

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

Dollar threshold used to distinguish between Type A and Type B programs \$2,359,849

Auditee qualified as low-risk auditee? Yes No

ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the years ended June 30, 2020 and 2019

FINANCIAL STATEMENT FINDINGS

There are no financial statement findings.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings and questioned costs.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

There were no prior audit findings or recommendations.