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 YEAR ENDED JUNE 30, 2017
## 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 statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules of expenses are presented for purposes of additional analysis and are not required part of the financial statements. 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 January 10, 2018, 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.

Rossi LLP

Long Beach, California
January 10, 2018
ACCESS SERVICES  
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)  
STATEMENT OF FINANCIAL POSITION  

As of June 30, 2017  

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$22,919,317</td>
<td></td>
</tr>
<tr>
<td>Grants receivable</td>
<td>4,309,164</td>
<td></td>
</tr>
<tr>
<td>Due from LACMTA</td>
<td>389,574</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>71,958</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>7,125,032</td>
<td></td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>34,815,045</td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>16,640,695</td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>66,654</td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$51,522,394</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$4,439,012</td>
<td></td>
</tr>
<tr>
<td>Contractors payable</td>
<td>12,299,263</td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>2,002,159</td>
<td></td>
</tr>
<tr>
<td>Unfunded defined benefit plan liability</td>
<td>3,184,726</td>
<td></td>
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<tr>
<td>Self insurance accruals</td>
<td>4,292,099</td>
<td></td>
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<tr>
<td>Deferred support</td>
<td>10,608,545</td>
<td></td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>250,214</td>
<td></td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>37,076,018</td>
<td></td>
</tr>
<tr>
<td>Commitments and contingencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>14,446,376</td>
<td></td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>14,446,376</td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$51,522,394</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)

## STATEMENT OF ACTIVITIES

**For the year ended June 30, 2017**

### Revenue and support:

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles County MTA funds</td>
<td>$81,793,808</td>
<td></td>
<td>$81,793,808</td>
</tr>
<tr>
<td>Section 5310 funds</td>
<td>63,300,000</td>
<td>6,899,484</td>
<td>70,199,484</td>
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<tr>
<td>Passenger revenues</td>
<td>9,971,134</td>
<td></td>
<td>9,971,134</td>
</tr>
<tr>
<td>Section 5316 funds</td>
<td>1,065,106</td>
<td>1,770,214</td>
<td>2,835,320</td>
</tr>
<tr>
<td>Gain on disposal of assets</td>
<td>596,996</td>
<td></td>
<td>596,996</td>
</tr>
<tr>
<td>Section 5317 funds</td>
<td>325,092</td>
<td>9,631</td>
<td>334,723</td>
</tr>
<tr>
<td>Other revenue</td>
<td>92,368</td>
<td></td>
<td>92,368</td>
</tr>
<tr>
<td>Interest income</td>
<td>8,795</td>
<td></td>
<td>8,795</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>10,900,165</td>
<td>(10,900,165)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total revenue and support</strong></td>
<td><strong>168,053,464</strong></td>
<td><strong>(2,220,836)</strong></td>
<td><strong>165,832,628</strong></td>
</tr>
</tbody>
</table>

### Operating expenses:

<table>
<thead>
<tr>
<th>Expense</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased transportation services (net of lease and penalties)</td>
<td>119,263,536</td>
<td></td>
<td>119,263,536</td>
</tr>
<tr>
<td>Salaries and related expenses</td>
<td>7,708,754</td>
<td></td>
<td>7,708,754</td>
</tr>
<tr>
<td>Insurance and claims</td>
<td>6,565,235</td>
<td></td>
<td>6,565,235</td>
</tr>
<tr>
<td>Eligibility determination</td>
<td>6,477,224</td>
<td></td>
<td>6,477,224</td>
</tr>
<tr>
<td>Communications - telephone/data transmissions</td>
<td>2,141,432</td>
<td></td>
<td>2,141,432</td>
</tr>
<tr>
<td>Contracted customer services</td>
<td>2,127,938</td>
<td></td>
<td>2,127,938</td>
</tr>
<tr>
<td>Professional services</td>
<td>1,456,430</td>
<td></td>
<td>1,456,430</td>
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<tr>
<td>Phone and computer system maintenance/consulting</td>
<td>909,914</td>
<td></td>
<td>909,914</td>
</tr>
<tr>
<td>Network support/supplies</td>
<td>804,105</td>
<td></td>
<td>804,105</td>
</tr>
<tr>
<td>Rent - office and equipment</td>
<td>637,000</td>
<td></td>
<td>637,000</td>
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<tr>
<td>Travel training</td>
<td>588,569</td>
<td></td>
<td>588,569</td>
</tr>
<tr>
<td>Publications/printed materials/copying</td>
<td>531,819</td>
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<td>531,819</td>
</tr>
<tr>
<td>Promotions/events</td>
<td>316,763</td>
<td></td>
<td>316,763</td>
</tr>
<tr>
<td>Tether pilot program</td>
<td>268,375</td>
<td></td>
<td>268,375</td>
</tr>
<tr>
<td>Postage/mailing/messenger</td>
<td>256,000</td>
<td></td>
<td>256,000</td>
</tr>
<tr>
<td>Security</td>
<td>200,000</td>
<td></td>
<td>200,000</td>
</tr>
<tr>
<td>Vehicle operating cost and registration</td>
<td>155,554</td>
<td></td>
<td>155,554</td>
</tr>
<tr>
<td>Travel and conference</td>
<td>116,732</td>
<td></td>
<td>116,732</td>
</tr>
<tr>
<td>Other related employee expense</td>
<td>96,488</td>
<td></td>
<td>96,488</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>90,345</td>
<td></td>
<td>90,345</td>
</tr>
<tr>
<td>Office supplies</td>
<td>45,595</td>
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<td>45,595</td>
</tr>
<tr>
<td>Advertising - legal and procurement notices</td>
<td>35,104</td>
<td></td>
<td>35,104</td>
</tr>
<tr>
<td>Other expenses</td>
<td>29,157</td>
<td></td>
<td>29,157</td>
</tr>
<tr>
<td>Reserve for lawsuit settlement</td>
<td>27,313</td>
<td></td>
<td>27,313</td>
</tr>
<tr>
<td>Business meetings and meals</td>
<td>21,575</td>
<td></td>
<td>21,575</td>
</tr>
<tr>
<td>Translations/interpreters</td>
<td>20,807</td>
<td></td>
<td>20,807</td>
</tr>
<tr>
<td>Board and Advisory Committee compensation</td>
<td>19,766</td>
<td></td>
<td>19,766</td>
</tr>
<tr>
<td>Training program/materials</td>
<td>19,615</td>
<td></td>
<td>19,615</td>
</tr>
<tr>
<td>Temporary personnel</td>
<td>25,355</td>
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<td>25,355</td>
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<tr>
<td>Scholarship programs</td>
<td>10,170</td>
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<td>10,170</td>
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<tr>
<td>Professional memberships/subscriptions/references</td>
<td>10,027</td>
<td></td>
<td>10,027</td>
</tr>
<tr>
<td>Mileage and parking</td>
<td>9,746</td>
<td></td>
<td>9,746</td>
</tr>
<tr>
<td>Equipment/other rental</td>
<td>9,060</td>
<td></td>
<td>9,060</td>
</tr>
<tr>
<td><strong>Total expenses before certain noncash charges</strong></td>
<td><strong>150,995,503</strong></td>
<td></td>
<td><strong>150,995,503</strong></td>
</tr>
</tbody>
</table>

### Increase in unfunded defined benefit plan liability

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in unfunded defined benefit plan liability</td>
<td>965,663</td>
<td></td>
<td>965,663</td>
</tr>
</tbody>
</table>

### Depreciation

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>7,733,828</td>
<td></td>
<td>7,733,828</td>
</tr>
</tbody>
</table>

### Total expenses

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total expenses</td>
<td>159,694,994</td>
<td></td>
<td>159,694,994</td>
</tr>
</tbody>
</table>

### Change in net assets

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>8,358,470</td>
<td>(2,220,836)</td>
<td>6,137,634</td>
</tr>
</tbody>
</table>

### Net assets, beginning of year

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets, beginning of year</td>
<td>6,087,906</td>
<td>2,220,836</td>
<td>8,308,742</td>
</tr>
</tbody>
</table>

### Net assets, end of year

<table>
<thead>
<tr>
<th>Source</th>
<th>Unrestricted</th>
<th>Temporarily restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets, end of year</td>
<td>$14,446,376</td>
<td></td>
<td>$14,446,376</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these financial statements*
ACCESS SERVICES  
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)  
STATEMENT OF CASH FLOWS  

For the year ended June 30, 2017

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$ 6,137,634</td>
</tr>
</tbody>
</table>

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Non-cash items included in change in net assets:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on disposal of assets</td>
<td>(596,996)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>7,733,828</td>
</tr>
<tr>
<td>(Increase) decrease in operating assets:</td>
<td></td>
</tr>
<tr>
<td>Grants receivable</td>
<td>1,591,161</td>
</tr>
<tr>
<td>Due from LACMTA</td>
<td>3,541,521</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>15,978</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(3,224,035)</td>
</tr>
</tbody>
</table>

Increase (decrease) in operating liabilities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>3,178,408</td>
</tr>
<tr>
<td>Contractors payable</td>
<td>2,836,891</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>998,969</td>
</tr>
<tr>
<td>Unfunded defined benefit plan liability</td>
<td>965,663</td>
</tr>
<tr>
<td>Self insurance accruals</td>
<td>435,258</td>
</tr>
<tr>
<td>Deferred support</td>
<td>(13,952,691)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(58,857)</td>
</tr>
</tbody>
</table>

Net cash provided by operating activities  

9,602,732

<table>
<thead>
<tr>
<th>Cash flows from investing activities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of equipment</td>
<td>724,086</td>
</tr>
<tr>
<td>Acquisition of property and equipment</td>
<td>(10,717,682)</td>
</tr>
</tbody>
</table>

Net cash used in investing activities  

(9,993,596)

Net decrease in cash and cash equivalents  

(390,864)

Cash and cash equivalents, beginning of year  

23,310,181

Cash and cash equivalents, end of year  

$ 22,919,317

The accompanying notes are an integral part of these financial statements.
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 the designated Los Angeles County Consolidated Transportation Services Agency (“LACCTSA”) pursuant to Gov. Code §15975(a) and public entity pursuant to 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 mini-buses 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 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 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 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.

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 3.4 million trips per year to more than 171,000 qualified disabled riders in a service area of over 1,950 square miles. Access Services receives its funding for these services from Proposition C sales tax, Federal 5310 grants, and fare box revenue.

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

Access Services is governed by a nine-member board of directors with one appointment by each of: (i) the Los Angeles County Board of Supervisors, (ii) the City Selection Committee’s
NOTE 1 - CONTINUED

ORGANIZATION AND PURPOSE

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, 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 from July 1, 2017 through January 10, 2018, 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:

The Organization follows the provisions of the AICPA’s Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) ASC 958, Not-for-Profit Entities. Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Access Services and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that do not have donor restrictions or the donor-imposed restrictions have expired due to the Organization’s fulfillment of the restrictions and/or by the passage of time.

Temporarily restricted net assets - Net assets that contain donor-imposed restrictions that permit the Organization to use or expend the donated net assets as specified, whose restrictions are satisfied either by the passage of time and/or by actions of the Organization. There were no temporarily restricted net assets at June 30, 2017.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the Organization maintains them permanently. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2017.

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their uses are restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.
NOTE 2 – CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 was issued to improve the current net asset classification requirements and the information presented in the financial statements and notes thereto about a not-for-profit entity’s liquidity, financial performance, and cash flows. Additionally, the amendments in ASU 2016-14 among other matters, reduce the current three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two classes of net assets (net assets with donor restrictions and net assets without donor restrictions). The amendments in ASU 2016-14 are effective for the fiscal years beginning after December 15, 2017 with early adoption permitted and should be applied on a retrospective basis to all periods presented. Management of the Organization is currently evaluating the impact of the pending adoption of ASU 2016-14 on its financial statements.

In February 2016, FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 was issued to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the 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 effect for fiscal years beginning after December 15, 2019 with early adoption permitted. Management of the Organization is currently evaluating the impact of the pending adoption of ASU 2016-02 on its 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.

Revenue recognition:

Access Services primarily receives revenue from Federal Section 5310 grants, Proposition C discretionary funds and other grants through the LACMTA acting in its capacity as the Regional Transportation Authority, and passenger fares for the paratransit services provided. Revenues are deemed to be earned when allowable expenses are incurred or
ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2017

NOTE 2 - CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

recognized by Access Services. Revenue received for expenditures related to capital expenditures (i.e. equipment) are recognized as the assets are acquired. LACMTA funding received for expenditures related to prepayments are recognized as the amounts are prepaid. Passenger revenues are recognized as services are provided to passengers.

Amounts received but not earned as of June 30, 2017 are included in the accompanying statement of financial position as deferred support. Unexpended Proposition C sales tax discretionary funds are required to be refunded to LACMTA under a Memorandum of Understanding unless such funds are committed for specific future purposes. As of June 30, 2017, unexpended funds were primarily committed for future operations, purchase of vehicles, and capital assets. 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.

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 unrestricted revenue and funds designated for vehicle acquisitions are recorded as temporarily restricted revenue. The Federal Section 5310 grant funds designated for vehicles and equipment are released from restriction and are recognized as unrestricted income when the vehicle is acquired. During the fiscal year ended June 30, 2017, Access Services was awarded a Federal Transit Administration ("FTA") Section 5310 Surface Transportation Program ("STPL-R") grant of $63,300,000 to provide contract services for paratransit eligibility determination and transportation provision functions throughout the County of Los Angeles. As of June 30, 2017, Access Services had received and recognized as revenue all the funds available under this grant.

Access Services was awarded a CMAQ grant of $424,000 for the regional integration of paratransit resources that will allow local dial-a-ride agencies to transmit their unused paratransit vehicle capacity into Access Services’ Uniform Scheduling System. As of June 30, 2017, Access Services had incurred $69,792 of expenses related to the project. At June 30, 2017, Access Services wrote off the remaining unexpended grant amount of $354,208. The project was closed due to change in technologies required by the project.

Access Services was awarded an FTA Section 5317 New Freedom grant of $1,405,980 for three projects: (1) Transportation Services for Adults with Children Program – this program is designed to provide transportation assistance for the agency clients who live in the San Fernando Valley region of Los Angeles County to allow them to engage in childcare related activities; (2) Tether Strap and Marking Program – this is for the procurement of tether straps and tape to be installed on wheelchairs, as part of the Tether Strap and Marking Program in Los Angeles County; and (3) Access to Work Program – this is operating assistance to implement a three-year Access to Work Program to provide the agency clients with transportation to work and work related activities in Los Angeles County. As of June 30, 2017, Access Services has incurred $1,326,308 of expenses of which $214,556 was incurred during the fiscal year ended June 30, 2017. At June 30, 2017, Access Services had a receivable balance of $99,862 under this grant.
NOTE 2 - CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Access Services originally was awarded an FTA Section 5316 Job Access – Reverse Commute ("JARC") grant of $2,943,671 to implement the Access to Work Program. The funds were to be used for (1) the purchase of vehicles for $1,884,000 and (2) operating costs for $1,059,671. During the year ended June 30, 2014, Access Services entered into an amendment to this grant which increased the grant amount by $7,450,092 to $10,393,763. The additional funds are to be used for (1) the purchase of vehicles of $3,832,500 and (2) operating costs of $3,617,592. As of June 30, 2017, Access Services has incurred $8,839,003 of expenses under the original and amended grant, of which $2,835,320 was incurred during the fiscal year ended June 30, 2017. At June 30, 2017, Access Services had a grant receivable balance of $3,512,466.

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. As of June 30, 2017, Access Services had incurred $8,839,003 of expenses under the original and amended grant, of which $2,835,320 was incurred during the fiscal year ended June 30, 2017. At June 30, 2017, Access Services had a grant receivable balance of $3,512,466.

On March 4, 2016, Access Services was awarded an FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program grant of $7,072,604 to purchase one hundred twenty-seven 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. At June 30, 2017, Access Services had incurred $6,899,484 to purchase one hundred thirty-two vehicles as required by the grant, all of which was incurred during the year ended June 30, 2017. Subsequent to June 30, 2017, Access Services with LACMTA’s approval used the remaining unexpended grant amount of $173,120 to purchase some additional vehicles.

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. During the fiscal year ended June 30, 2017, Access Services incurred $7,990 of expenses related to this grant and at June 30, 2017, had a grant receivable balance of $218,000 from LACMTA for this grant.

Concentration of credit and business risk:

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

Access Services received approximately 44% of its total funding for the year ended June 30, 2017 from the FTA, and the receivable from the FTA accounted for 100% of total grants.
NOTE 2 - CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

receivable at year end. 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. During the year ended June 30, 2017, this funding represented approximately 49% of Access Services’ total funding received for the fiscal year then ended. As of June 30, 2017, $389,574 was due from LACMTA.

Income taxes:

The Organization is exempt from federal and California 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. The Organization does not believe that during the fiscal year ended June 30, 2017 that it had any unrelated business income and accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

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.

Property and equipment:

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

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

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

Property and equipment purchased with FTA funds are subject to federal regulations whereby any disposition of project property before the end of its useful life requires prior
NOTE 2 - CONTINUED

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, the 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 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 year ended June 30, 2017.

NOTE 3

GRANTS RECEIVABLE

Grants receivable consist of:

<table>
<thead>
<tr>
<th>As of June 30,</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to work grant</td>
<td>$3,512,466</td>
</tr>
<tr>
<td>Service expansion grant</td>
<td>696,836</td>
</tr>
<tr>
<td>Adults/Tether strap grant</td>
<td>99,862</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$4,309,164</strong></td>
</tr>
</tbody>
</table>

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 4

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 $250,214 related to coupons sold, but not utilized as of June 30, 2017.
NOTE 5

PROPERTY AND EQUIPMENT

Property and equipment consists of vehicles, office furniture and equipment, software and leasehold improvements as follows:

<table>
<thead>
<tr>
<th>As of June 30,</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicles and equipment</td>
<td>$40,230,794</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>1,283,431</td>
</tr>
<tr>
<td>Software</td>
<td>4,488,200</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>1,271,046</td>
</tr>
<tr>
<td><strong>Total property and equipment</strong></td>
<td><strong>47,273,471</strong></td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(30,632,776)</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td><strong>$16,640,695</strong></td>
</tr>
</tbody>
</table>

Depreciation expense for the year ended June 30, 2017 was $7,733,828.

NOTE 6

DEFERRED SUPPORT

Deferred support as of June 30, 2017, consists of the following:

<table>
<thead>
<tr>
<th>As of June 30,</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>LACMTA funding</td>
<td>$8,139,953</td>
</tr>
<tr>
<td>Service expansion/Adult Tether grant</td>
<td>930,192</td>
</tr>
<tr>
<td>Access to work FTA JARC grant</td>
<td>1,538,400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$10,608,545</strong></td>
</tr>
</tbody>
</table>

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, 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 not yet been received. Access Services recognizes revenue related to these grants when the respective expenses are incurred.

NOTE 7

FUNCTIONAL EXPENSES

Salaries, benefits, and other related expenses are categorized to paratransit operations, eligibility determination, LACCTSA 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.

Expenses for the fiscal year ended June 30, 2017 are functionally allocated as follows:

<table>
<thead>
<tr>
<th>For the year ended June 30,</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program services:</strong></td>
<td></td>
</tr>
<tr>
<td>Paratransit operations</td>
<td>$140,700,677</td>
</tr>
<tr>
<td>Eligibility determination</td>
<td>10,208,974</td>
</tr>
<tr>
<td>CTSA function and ride information</td>
<td>301,057</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td><strong>151,210,708</strong></td>
</tr>
<tr>
<td><strong>Management and general</strong></td>
<td>8,484,286</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$159,694,994</strong></td>
</tr>
</tbody>
</table>
NOTE 8

RETIREMENT PLAN

Access Services established a 403(b)(7) tax sheltered annuity (“TSA”) plan in January 1995 under which employees may, by elective deferral under a salary reduction agreement, contribute to the plan. Contributions are applied to group or individual annuity contracts, or to custodial accounts holding regulated investment stock that meet the requirements of Section 403(b) of the Code. Contributions and investments are determined by the employees. During the fiscal year ended June 30, 2017, 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, CalPERS program requires a 7.0% contribution of employees’ gross wages, of which Access Services employees contribute 0% of their gross wages, and 7.0% of gross wages is being contributed by Access Services. Access Services also contributes towards the employee account based on a CalPERS actuarial process, which was 7.159% of employees’ gross wages for the year ended June 30, 2017.

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

Under Governmental Accounting Standards Board (“GASB”) which was amended by 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, 2017, the most current available actuarial financial information from CalPERS was as of June 30, 2016, which has been recorded in the financial statements. Accordingly, a summary of principal assumptions and methods used to determine the contractually required contributions is shown below as of June 30, 2016 (the most up to date information currently available):

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>June 30, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Cost Method</td>
<td>Entry Age Normal in accordance with the requirements of GASB Statement No. 68</td>
</tr>
<tr>
<td>Actuarial Assumptions</td>
<td></td>
</tr>
<tr>
<td>Discount Rate</td>
<td>7.65%</td>
</tr>
<tr>
<td>Salary increases</td>
<td>Varies by Entry Age and Service</td>
</tr>
<tr>
<td>Inflation</td>
<td>2.75%</td>
</tr>
<tr>
<td>Mortality rate table</td>
<td>Derived using CalPERS’ membership data for all Funds</td>
</tr>
<tr>
<td>Post-retirement benefit</td>
<td>Contract COLA up to 2.75% until purchasing power</td>
</tr>
<tr>
<td>Increase</td>
<td>Protection allowance floor on purchasing power applies, 2.75% thereafter</td>
</tr>
</tbody>
</table>
NOTE 8 - CONTINUED

RETIREMENT PLAN

Required Supplementary Information

TREND INFORMATION

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

For the years ended June 30,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Age Normal Accrued Liability</td>
<td>$14,014,605</td>
<td>$12,558,151</td>
</tr>
<tr>
<td>Market Value of Plan Assets</td>
<td>10,883,857</td>
<td>10,339,088</td>
</tr>
<tr>
<td>Unfunded Defined Benefit Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability</td>
<td>3,130,748</td>
<td>2,219,063</td>
</tr>
<tr>
<td>Funded Ratio</td>
<td>77.7%</td>
<td>82.3%</td>
</tr>
<tr>
<td>Annual Covered Payroll</td>
<td>$3,576,056</td>
<td>$3,832,193</td>
</tr>
</tbody>
</table>

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

For the years ended June 30,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry Age Normal Accrued Liability</td>
<td>$505,977</td>
<td>$238,152</td>
</tr>
<tr>
<td>Market Value of Plan Assets</td>
<td>451,999</td>
<td>226,484</td>
</tr>
<tr>
<td>Unfunded Defined Benefit Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability</td>
<td>53,978</td>
<td>11,668</td>
</tr>
<tr>
<td>Funded Ratio</td>
<td>89.3%</td>
<td>95.1%</td>
</tr>
<tr>
<td>Annual Covered Payroll</td>
<td>$1,801,484</td>
<td>$1,363,286</td>
</tr>
</tbody>
</table>

The effect of any potential increase 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 year ended June 30, 2017:

For the year ended June 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions made during the year</td>
<td>$750,976</td>
</tr>
<tr>
<td>Increase in unfunded defined benefit plan liability</td>
<td>965,663</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,716,639</strong></td>
</tr>
</tbody>
</table>

NOTE 9

COMMITMENTS AND CONTINGENCIES

Litigation:

In the normal course of operations the Organization may be a party to various legal claims, actions and complaints, and Access Services maintains accruals for such costs that are expected to be incurred. Although it is not possible to predict the outcome of these matters, management believes that they will not, individually or in the aggregate, have a material impact on Access Services’ financial statements.

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 is as follows:

As of June 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>$3,856,841</td>
</tr>
<tr>
<td>Charged to operating costs</td>
<td>1,833,256</td>
</tr>
<tr>
<td>Payments for claims</td>
<td>(1,397,998)</td>
</tr>
<tr>
<td><strong>Balance at end of year</strong></td>
<td><strong>$4,292,099</strong></td>
</tr>
</tbody>
</table>
COMMITMENTS AND CONTINGENCIES

Operating lease:

Access Services leases its facility under a ten-year non-cancellable operating lease agreement with LACMTA at $50,000 per month, expiring on January 1, 2027. Rent expense for the year ended June 30, 2017 under this operating lease was $611,492, including common area maintenance charges.

On June 1, 2017, Access Services leased a new facility with City of Commerce under a non-cancellable operating lease agreement which expires on November 30, 2027. Rent expense for the year ended June 30, 2017 under this operating lease was $25,508, including common area maintenance charges.

Access Services also leases various office equipment.

Total rent expenses incurred for the year ended June 30, 2017 was $637,000.

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

<table>
<thead>
<tr>
<th>For the year ending June 30,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$741,155</td>
</tr>
<tr>
<td>2019</td>
<td>848,793</td>
</tr>
<tr>
<td>2020</td>
<td>856,263</td>
</tr>
<tr>
<td>2021</td>
<td>863,950</td>
</tr>
<tr>
<td>2022</td>
<td>871,866</td>
</tr>
<tr>
<td>Thereafter</td>
<td>4,321,605</td>
</tr>
<tr>
<td></td>
<td>$8,503,632</td>
</tr>
</tbody>
</table>
SUPPLEMENTAL INFORMATION FOR STATEMENT OF ACTIVITIES
### Paratransit operations expenses:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased transportation services (net of lease and penalties)</td>
<td>$117,976,386</td>
</tr>
<tr>
<td>Depreciation</td>
<td>7,365,211</td>
</tr>
<tr>
<td>Insurance and claims</td>
<td>6,328,038</td>
</tr>
<tr>
<td>Salaries and related expenses</td>
<td>3,089,421</td>
</tr>
<tr>
<td>Contracted customer services</td>
<td>2,127,938</td>
</tr>
<tr>
<td>Communications - telephone/data transmissions</td>
<td>1,873,505</td>
</tr>
<tr>
<td>Phone and computer system maintenance/consulting</td>
<td>803,629</td>
</tr>
<tr>
<td>Promotions/events</td>
<td>274,745</td>
</tr>
<tr>
<td>Rent - office and equipment</td>
<td>246,139</td>
</tr>
<tr>
<td>Security</td>
<td>200,000</td>
</tr>
<tr>
<td>Vehicle operating cost and registration</td>
<td>154,507</td>
</tr>
<tr>
<td>Publications/printed materials/copying</td>
<td>125,502</td>
</tr>
<tr>
<td>Travel and conference</td>
<td>70,353</td>
</tr>
<tr>
<td>Postage/mailing/messenger</td>
<td>26,996</td>
</tr>
<tr>
<td>Office supplies</td>
<td>13,667</td>
</tr>
<tr>
<td>Professional services</td>
<td>13,551</td>
</tr>
<tr>
<td>Temporary personnel</td>
<td>9,028</td>
</tr>
<tr>
<td>Professional memberships/subscriptions/references</td>
<td>2,061</td>
</tr>
<tr>
<td><strong>Total paratransit operations expenses</strong></td>
<td>$140,700,677</td>
</tr>
</tbody>
</table>

*The accompanying notes are an integral part of these financial statements*
For the year ended June 30, 2017

Other activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility determination expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>Eligibility determination</td>
<td>$6,477,224</td>
</tr>
<tr>
<td>Purchased transportation services (net of lease and penalties)</td>
<td>1,287,150</td>
</tr>
<tr>
<td>Travel training</td>
<td>588,569</td>
</tr>
<tr>
<td>Communications - telephone/data transmissions</td>
<td>165,107</td>
</tr>
<tr>
<td>Salaries and related expenses</td>
<td>452,280</td>
</tr>
<tr>
<td>Publications/printed materials/copying</td>
<td>366,086</td>
</tr>
<tr>
<td>Tether pilot program</td>
<td>268,375</td>
</tr>
<tr>
<td>Professional services</td>
<td>184,796</td>
</tr>
<tr>
<td>Postage/mailing/messenger</td>
<td>160,209</td>
</tr>
<tr>
<td>Rent - office and equipment</td>
<td>98,315</td>
</tr>
<tr>
<td>Insurance and claims</td>
<td>70,570</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>34,527</td>
</tr>
<tr>
<td>Promotions/events</td>
<td>22,963</td>
</tr>
<tr>
<td>Translations/interpreters</td>
<td>20,807</td>
</tr>
<tr>
<td>Office supplies</td>
<td>5,492</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,120</td>
</tr>
<tr>
<td>Equipment/other rental</td>
<td>2,400</td>
</tr>
<tr>
<td>Travel and conference</td>
<td>726</td>
</tr>
<tr>
<td>Professional memberships/subscriptions/references</td>
<td>258</td>
</tr>
<tr>
<td><strong>Total eligibility determination expenses</strong></td>
<td>$10,208,974</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CTSA function and ride information expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>Salaries and related expenses</td>
<td>$232,379</td>
</tr>
<tr>
<td>Training program/materials</td>
<td>19,615</td>
</tr>
<tr>
<td>Rent - office and equipment</td>
<td>13,187</td>
</tr>
<tr>
<td>Scholarship programs</td>
<td>10,170</td>
</tr>
<tr>
<td>Temporary personnel</td>
<td>8,904</td>
</tr>
<tr>
<td>Postage/mailing/messenger</td>
<td>5,399</td>
</tr>
<tr>
<td>Communications - telephone/data transmissions</td>
<td>4,130</td>
</tr>
<tr>
<td>Publications/printed materials/copying</td>
<td>2,342</td>
</tr>
<tr>
<td>Promotions/events</td>
<td>2,192</td>
</tr>
<tr>
<td>Office supplies</td>
<td>1,774</td>
</tr>
<tr>
<td>Insurance and claims</td>
<td>707</td>
</tr>
<tr>
<td>Professional memberships/subscriptions/references</td>
<td>258</td>
</tr>
<tr>
<td><strong>Total CTSA function and ride information expenses</strong></td>
<td>301,057</td>
</tr>
</tbody>
</table>

**Total other activities**                              **$10,510,031**

The accompanying notes are an integral part of these financial statements
For the year ended June 30, 2017

Management and general expenses:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and related expenses</td>
<td>$ 4,900,337</td>
</tr>
<tr>
<td>Professional services</td>
<td>1,258,083</td>
</tr>
<tr>
<td>Network support/supplies</td>
<td>804,105</td>
</tr>
<tr>
<td>Depreciation</td>
<td>365,497</td>
</tr>
<tr>
<td>Rent - office and equipment</td>
<td>279,359</td>
</tr>
<tr>
<td>Insurance and claims</td>
<td>165,920</td>
</tr>
<tr>
<td>Phone and computer system maintenance/consulting</td>
<td>106,285</td>
</tr>
<tr>
<td>Communications - telephone/data transmissions</td>
<td>98,690</td>
</tr>
<tr>
<td>Other related employee expense</td>
<td>96,488</td>
</tr>
<tr>
<td>Postage/mailing/messenger</td>
<td>63,396</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>55,818</td>
</tr>
<tr>
<td>Travel and conference</td>
<td>45,653</td>
</tr>
<tr>
<td>Publications/printed materials/copying</td>
<td>37,889</td>
</tr>
<tr>
<td>Advertising - legal and procurement notices</td>
<td>35,104</td>
</tr>
<tr>
<td>Other expenses</td>
<td>29,157</td>
</tr>
<tr>
<td>Reserve for lawsuit settlement</td>
<td>27,313</td>
</tr>
<tr>
<td>Office supplies</td>
<td>24,662</td>
</tr>
<tr>
<td>Business meetings and meals</td>
<td>21,575</td>
</tr>
<tr>
<td>Board and Advisory Committee compensation</td>
<td>19,766</td>
</tr>
<tr>
<td>Promotions/events</td>
<td>16,863</td>
</tr>
<tr>
<td>Mileage and parking</td>
<td>9,746</td>
</tr>
<tr>
<td>Professional memberships/subscriptions/references</td>
<td>7,450</td>
</tr>
<tr>
<td>Temporary personnel</td>
<td>7,423</td>
</tr>
<tr>
<td>Equipment/other rental</td>
<td>6,660</td>
</tr>
<tr>
<td>Vehicle operating cost and registration</td>
<td>1,047</td>
</tr>
</tbody>
</table>

Total management and general expenses                      $ 8,484,286

The accompanying notes are an integral part of these financial statements
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017
IN COMPLIANCE WITH UNIFORM GUIDANCE
### ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<table>
<thead>
<tr>
<th>For the year ended June 30, 2017</th>
<th>Federal grantor program title</th>
<th>Federal CFDA number</th>
<th>Grant number</th>
<th>Effective dates</th>
<th>Program or award amount</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal grantor program title</strong></td>
<td><strong>U.S. Department of Transportation:</strong></td>
<td>20.513</td>
<td>Note D</td>
<td>7/1/2016</td>
<td>$ 63,300,000</td>
<td>$ 63,300,000 *</td>
</tr>
<tr>
<td>Surface Transportation Program Local Regional</td>
<td>FTA - Services for Adults/Tether Strap Program</td>
<td>20.521</td>
<td>Note E</td>
<td>4/1/2011</td>
<td>1,405,980</td>
<td>214,556 *</td>
</tr>
<tr>
<td>Section 5310 Grant</td>
<td>FTA - Access to Work Program - JARC Program Funds</td>
<td>20.516</td>
<td>Note F</td>
<td>4/1/2011</td>
<td>10,393,763</td>
<td>2,835,320 *</td>
</tr>
<tr>
<td>Section 5317 - New Freedom Funds</td>
<td>Service Area Expansion Section 5317 - New Freedom</td>
<td>20.521</td>
<td>Note G</td>
<td>7/29/2014</td>
<td>740,500</td>
<td>112,177 *</td>
</tr>
<tr>
<td><strong>Pass-through grantor program title</strong></td>
<td><strong>U.S. Department of Transportation</strong></td>
<td>20.513</td>
<td>Note H</td>
<td>3/4/2016</td>
<td>7,072,604</td>
<td>6,899,484 *</td>
</tr>
<tr>
<td>Pass through from Los Angeles County Metropolitan Transportation Authority - Section 5310 Grant - Enhanced Mobility of Seniors and Individual with Disabilities Program</td>
<td>Pass through from Los Angeles County Metropolitan Transportation Authority - Service Area Expansion</td>
<td>20.521</td>
<td>Note I</td>
<td>1/1/2017</td>
<td>218,000</td>
<td>7,990 *</td>
</tr>
<tr>
<td>Section 5317 - New Freedom</td>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td>$ 83,130,847</td>
<td>$ 73,369,527</td>
</tr>
</tbody>
</table>

* These Grants are Identified as Part of the Transit Services Program Cluster. Total Federal Awards Expanded for the Cluster are $73,369,527.
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, 2017. 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 awards were granted under Federal project number CA-2016-012-00 for total cost reimbursement of $71,501,186 with an 11.47% local match, netting to $63,300,000 federal share of the award. During the fiscal year ending June 30, 2017, all of these funds were expended on contract number CA-2016-012-00.

Note E – Program awards were granted under Federal project number CA-57-X049-00 New Freedom Grants for total cost reimbursement of $2,658,180 with a local match of 20% for capital and 50% for operating expenditures, netting to $1,405,980 federal share of the award. At June 30, 2017, Access Services had expended $1,326,308 of funds of which, $214,556 was expended during the year ended June 30, 2017.

Note F – Program awards were granted under Federal project number CA-37-X125-00 Job Access – Reverse Commute (JARC) Grant for total cost reimbursement of $4,474,342 with a local match of 20% for capital and 50% for operating expenditure, netting to $2,943,671 federal share of the award. During the year ended June 30, 2014, this grant was amended to increase the total grant amount by $7,450,092 to total funding of $10,393,763 for this program. At June 30, 2017, Access Services had expended $8,839,003 of funds of which, $2,835,320 was expended during the year ended June 30, 2017.
Access Services
(A California Nonprofit Public Benefit Corporation)
Notes to Supplemental Schedule of Expenditures of Federal Awards - Continued

Note G  – Access Services received program awards granted under Federal project number CA-57-X104-00 Service Area Expansion for FTA Section 5317 New Freedom Grant. The total cost of the project is $1,481,000 with a local match of 50% netting, federal share of $740,500. At of June 30, 2017, Access Services had expended $116,350 of funds of which, $112,177 was expended during the year ended June 30, 2017.

Note H  – Access Services received program awards granted under Federal project number CA-16-X067 Enhanced Mobility of Seniors and Individuals with Disabilities Program for FTA Section 5310 Grant. The total cost of the project is $7,175,469 with a local match of 1.43% or a net federal share of $7,072,604. Access Services had expended $6,899,484 of the grant during the year ended June 30, 2017.

Note I  – Access Services received program awards granted under the Federal project number CA-57-X100-01 Service Area Expansion for FTA Section 517 New Freedom Grant. The total cost of the project is $436,000 with a local match of 50% or a net federal share of $218,000. Access Services had expended $7,990 of the grant during the year ended June 30, 2017.
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 nonprofit public benefit organization), which comprise the statement of financial position as of June 30, 2017, 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 January 10, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Please see finding 2017-001.
Compliance and Other Matters

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

Access Services’ Response to Findings

Access Services’ response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Access Services’ response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.
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, 2017. 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.

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, 2017.
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (continued)

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.

Rossi LLP

Long Beach, California
January 10, 2018
ACCESS SERVICES
(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2017

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:

<table>
<thead>
<tr>
<th>CFDA Numbers</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.513</td>
<td>Capital Assistance Program for Elderly Persons and Persons with Disabilities - Section 5310 Grant – Transit Services Programs Cluster</td>
</tr>
<tr>
<td>20.516</td>
<td>Access to Work – JARC Program – Transit Services Programs Cluster</td>
</tr>
<tr>
<td>20.521</td>
<td>New Freedom Program – Transit Services Programs Cluster</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs $2,201,086

Auditee qualified as low-risk auditee? ☒ Yes □ No
For the year ended June 30, 2017

FINANCIAL STATEMENT FINDINGS

U.S. Department of Transportation

2017-001 – Surface Transportation Program Local Regional Section 5310 Grant

Condition and Criteria:
We noted the following when testing whether Access Services had followed its policy of approval of payments made to service providers:
  a. Five checks were issued without proper approval from either the Treasurer, Chairman or Vice Chairman of the Board.
  b. One check had only one authorized approval.

The Organization’s internal control policy over disbursements states that, cash disbursements in excess of $50,000 be approved by either the Treasurer, Chairman or Vice Chairman of the Board and either the Executive Director, Director of Finance or Director of Operations.

Effect:
The Organization could issue checks without proper authorization, creating the possibility for improper disbursements.

Cause:
We noted the following causes of the above conditions:
  a. On the five checks issued without approval of the Treasurer, Chairman or Vice Chairman of the Board, the Organization could not obtain the Treasurer’s approval in a timely manner in order to issue the disbursement prior to the vendor payment becoming past due. It has been a practice of the Organization to have the Treasurer approve disbursements and sign checks, on behalf of the Organization.
  b. The Manager of Information Technology inadvertently had overridden the approval process of one check. This appeared to be an isolated incident.

Recommendation:
We recommend that the Organization review its current disbursement policy and procedures and revise as necessary to ensure that proper approvals of disbursements are obtained, without compromising any checks and balances necessary for a sound system of internal control or causing vendor payments to not be issued in a timely manner.

Views of Responsible Officials and Planned Corrective Actions:
We agree with the finding and we will be reviewing existing disbursement policies and procedures to ensure business needs are met while adhering to best practices and complying with all system of internal control.

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.