

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

June 30, 2023 and 2022

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)

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400 Oceangate, Suite 1000, Long Beach, CA 90802

Phone 562-495-3325 | Fax 562-495-3425 | bpm@bpm.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Access Services
El Monte, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Access Services (a California nonprofit public benefit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Access Services as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Access Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Litigation Uncertainty

As discussed in Note 13 to the financial statements, Access Services is a defendant in various lawsuits that have arisen in the ordinary course of business and that have not been fully adjudicated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Access Services' ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Accounting Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Access Services' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Access Services' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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 U.S. GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024. 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.

A handwritten signature in black ink that reads "BPM LLP". The letters are stylized and somewhat cursive.

Long Beach, California
January 29, 2024

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,455,654	\$ 5,277,100
Short-term investments at fair value	26,240,096	26,295,776
Grants receivable	16,099,226	11,751,969
Due from LACMTA	186,518	2,312,802
Accounts receivable	132,245	55,614
Prepaid expenses and other assets	10,676,032	8,035,838
Total current assets	64,789,771	53,729,099
Property and equipment, net	6,223,319	8,491,540
Other assets:		
Restricted cash	41,121,747	16,078,030
Right-of-use asset - operating leases, net	5,740,470	-
Deposits	40,830	40,830
Total other assets	46,903,047	16,118,860
Total assets	\$ 117,916,137	\$ 78,339,499
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 3,062,961	\$ 3,042,204
Contractors payable	20,862,209	19,447,540
Accrued expenses	12,198,778	11,629,381
Unfunded defined benefit plan liability	5,914,744	2,125,591
Self insurance accruals	6,404,767	5,480,705
Deferred support	28,326,385	22,385,656
Deferred revenue	556,696	175,763
Deferred rent	-	175,284
Short-term lease liability - operating	768,900	-
Total current liabilities	78,095,440	64,462,124
Long-term liabilities:		
Long-term lease liability - operating	5,123,552	-
Total long-term liabilities	5,123,552	-
Total liabilities	83,218,992	64,462,124
Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Board designated - for facility development expenditures	22,656,648	2,437,380
Undesignated	12,040,497	11,439,995
Total without donor restrictions	34,697,145	13,877,375
Total net assets	34,697,145	13,877,375
Total liabilities and net assets	\$ 117,916,137	\$ 78,339,499

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)

STATEMENTS OF ACTIVITIES

For the years ended June 30, 2023 and 2022

	2023	2022
Without donor restrictions:		
Revenue and support:		
Los Angeles County MTA funds	\$ 133,392,152	\$ 93,379,907
Section 5310 funds	75,219,808	72,722,575
Federal Emergency Management Agency funds	19,144,735	-
Passenger revenues	8,268,141	6,797,934
Interest income	2,761,035	20,060
Section 5307 funds	2,021,677	-
Investment return, net	536,630	27,986
Medical funds	450,463	846,696
Section 5317 funds	398,910	458,145
Gain (loss) on disposal of assets	154,211	(6,151)
Other revenue	117,892	113,700
Facilities Development & Construction Fund	114,094	-
Accessible Traveler Mobile App funds	15,000	315,000
Meal delivery funds	-	1,590,684
Contributions of nonfinancial assets	-	74,250
Section 5312 funds	-	42,000
	242,594,748	176,382,786
Operating expenses:		
Program services:		
Paratransit operations	196,609,651	160,875,902
Eligibility determination	10,162,688	8,194,267
CTSA function	391,013	578,848
	207,163,352	169,649,017
Supporting services:		
Management and general	14,611,626	7,646,848
	221,774,978	177,295,865
Changes in net assets	20,819,770	(913,079)
Net assets, beginning of year	13,877,375	14,790,454
Net assets, end of year	\$ 34,697,145	\$ 13,877,375

ACCESS SERVICES (A California Nonprofit Public Benefit Corporation)

STATEMENTS OF FUNCTIONAL EXPENSES For the years ended June 30, 2023 and 2022

	2023						2022					
	Program Services			Supporting Services			Program Services			Supporting Services		
	Paratransit Operations	Eligibility Determination	CTSA Function	Total Program Services	Management and General	Total Expenses	Paratransit Operations	Eligibility Determination	CTSA Function	Total Program Services	Management and General	Total Expenses
Purchased transportation services (net of lease and liquidated damages)	\$ 177,393,808	\$ 1,633,411	\$ -	\$ 179,027,219	\$ -	\$ 179,027,219	\$ 138,596,391	\$ 1,094,677	\$ -	\$ 139,691,068	\$ -	\$ 139,691,068
Salaries and related benefits	3,370,412	407,308	301,371	4,079,091	5,903,902	9,982,993	2,878,999	436,385	507,756	3,823,140	5,079,416	8,902,556
Insurance and claims	7,677,410	91,861	832	7,770,103	305,608	8,075,711	10,716,547	85,151	872	10,802,570	287,682	11,090,252
Appeals and interview	-	5,342,790	-	5,342,790	-	5,342,790	-	4,214,341	-	4,214,341	-	4,214,341
Contracted customer services	2,628,127	-	-	2,628,127	-	2,628,127	2,098,452	-	-	2,098,452	-	2,098,452
Vehicle costs	196,821	-	-	196,821	5,937	202,758	435,281	-	-	435,281	15,987	451,268
Network and telecom maintenance	598,544	3,257	347	602,148	1,392,999	1,995,147	661,111	2,100	64	663,275	1,091,060	1,754,335
Professional services	188,974	-	-	188,974	1,044,744	1,233,718	202,765	-	-	202,765	1,516,823	1,719,588
Office and equipment rent	194,113	502,559	16,901	713,573	348,596	1,062,169	194,113	498,860	16,901	709,874	344,967	1,054,841
Travel training	-	1,019,775	-	1,019,775	-	1,019,775	-	665,695	-	665,695	-	665,695
Communications	344,610	169,905	21,784	536,299	280,951	817,250	373,354	127,516	20,332	521,202	223,308	744,510
Printed materials	182,563	526,966	-	709,529	11,707	721,236	84,471	422,122	343	506,936	8,227	515,163
Promotions/events	219,692	43,056	6,444	269,192	46,024	315,216	371,766	35,234	3,819	410,819	22,091	432,910
Postage/mailing	8,956	248,574	2,035	259,565	18,939	278,504	8,123	258,502	2,008	268,633	20,284	288,917
Security	200,000	-	-	200,000	-	200,000	200,000	-	-	200,000	-	200,000
Other expenses	50,257	2,630	36,002	88,889	74,540	163,429	35,778	675	25,327	61,780	27,225	89,005
Travel and conference	7,656	1,136	686	9,478	104,387	113,865	4,247	-	-	4,247	60,563	64,810
Tether pilot program	-	75,508	-	75,508	-	75,508	-	-	-	-	-	-
Other related employee expense	2,727	-	1,860	4,587	68,759	73,346	5,814	-	-	5,814	57,426	63,240
Passenger survey/ride check program	-	-	-	-	-	-	-	-	-	-	20,750	20,750
Repairs and maintenance	56	45,910	-	45,966	7,682	53,648	236	25,943	-	26,179	32,020	58,199
Office supplies	14,663	6,743	2,644	24,050	28,085	52,135	12,238	3,704	1,426	17,368	16,451	33,819
Board and advisory committee compensation	-	-	-	-	21,759	21,759	-	-	-	-	9,849	9,849
Temporary personnel	9,731	-	-	9,731	6,336	16,067	-	-	-	-	13,838	13,838
Business meetings and meals	1,153	-	107	1,260	11,618	12,878	657	-	-	657	11,994	12,651
Total expenditures before certain noncash charges	193,290,273	10,121,389	391,013	203,802,675	9,682,573	213,485,248	156,880,343	7,870,905	578,848	165,330,096	8,659,961	174,190,057
Increase (decrease) in unfunded defined benefit plan liability	-	-	-	-	3,789,153	3,789,153	-	-	-	-	(2,334,891)	(2,334,891)
Depreciation	3,319,378	41,299	-	3,360,677	1,139,900	4,500,577	3,995,559	323,362	-	4,318,921	1,121,778	5,440,699
Total expenses	\$ 196,609,651	\$ 10,162,688	\$ 391,013	\$ 207,163,352	\$ 14,611,626	\$ 221,774,978	\$ 160,875,902	\$ 8,194,267	\$ 578,848	\$ 169,649,017	\$ 7,646,848	\$ 177,295,865

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

ACCESS SERVICES
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STATEMENTS OF CASH FLOWS

For the years ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 20,819,770	\$ (913,079)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Gain) loss on disposal of assets	(154,211)	6,151
Depreciation and amortization	4,500,577	5,440,699
Operating lease right-of-use asset amortization	732,221	-
Realized/unrealized gain on investments	(536,630)	(27,986)
(Increase) decrease in operating assets:		
Grants receivable	(4,347,257)	(8,495,974)
Due from LACMTA	2,126,284	1,148
Accounts receivable	(76,631)	1,093
Prepaid expenses and other assets	(2,640,194)	(456,940)
Deposits	-	(1,701)
Increase (decrease) in operating liabilities:		
Accounts payable	20,757	1,576,803
Contractors payable	1,414,669	7,526,350
Accrued expenses	569,397	2,838,317
Unfunded defined benefit plan liability	3,789,153	(2,334,891)
Self insurance accruals	924,062	486,210
Deferred support	5,940,729	12,900,312
Deferred revenue	380,933	61,919
Deferred rent	(175,284)	(4,854)
Operating lease liability	(580,239)	-
Net cash provided by operating activities	32,708,106	18,603,577
Cash flows from investing activities:		
Proceeds from sales of investments	345,267,924	104,844,676
Purchases of investments	(344,675,614)	(131,112,466)
Proceeds from sale of equipment	210,494	9,300
Acquisition of property and equipment	(2,288,639)	(1,649,646)
Net cash used in investing activities	(1,485,835)	(27,908,136)
Net change in cash and cash equivalents	31,222,271	(9,304,559)
Cash, cash equivalents, and restricted cash, beginning of year	21,355,130	30,659,689
Cash, cash equivalents, and restricted cash, end of year	\$ 52,577,401	\$ 21,355,130
The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total of such amounts shown above.		
Cash and cash equivalents	\$ 11,455,654	\$ 5,277,100
Restricted cash	41,121,747	16,078,030
	\$ 52,577,401	\$ 21,355,130

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. Organization and Purpose

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

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

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

Access Services facilitates Access Paratransit service by entering into and administering federally funded regional contracts with independent private transit providers, which in turn provide the reservation and transportation services in conformity with the Plan, applicable law, and the contract. Access Services also leases vehicles to the regional providers at \$1 per month to help facilitate the provision of service under the contracts. In total, the Access Paratransit system provides more than 2.8 million trips per year to more than 108,000 qualified disabled riders in a service area of over 1,950 square miles. Access Services receives its funding for these services from Proposition C sales tax, Federal 5310 grants, and fare box revenue.

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

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

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

1. Organization and Purpose, continued

Access Program Services

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

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

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

2. Summary of Significant Accounting Policies

Accounting Principles

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

Financial Statement Presentation

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

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

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

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose for which the resource was restricted has been accomplished, or both.

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.

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

2. Summary of Significant Accounting Policies, continued

Financial Statement Presentation, continued

Donor restricted revenues for which the restrictions expire during the same fiscal year in which the revenues are made are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions. When a donor restriction expires, that is, when a stipulated time restriction end, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Estimates Inherent in the Preparation of Financial Statements

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

Fair Value of Financial Instruments

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

Contributed Nonfinancial Assets

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

Revenue Recognition and Grants

Access Services determines whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer asset. If a contribution is deemed conditional, revenue is deferred until the barrier is overcome.

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

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

2. Summary of Significant Accounting Policies, continued

Revenue Recognition and Grants, continued

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

Amounts received, but not earned, as of June 30, 2023 and 2022, are included in the accompanying statement of financial position as deferred support. Access Services and LACMTA entered into a Funding Agreement for the year ended June 30, 2023, which provided Access Services with Proposition C funds of \$123,851,021, Measure M funds of \$15,500,000 and a reserve of \$14,300,000. LACMTA funding is subject to audit and retroactive adjustment by outside third parties; however, in the opinion of management, Access Services has provided adequate reserves for any such circumstances (see Note 10).

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.

For the years ended June 30, 2023 and 2022, Access Services was awarded a Federal Transit Administration (“FTA”) Section 5310 Surface Transportation Program (“STPL-R”) grant of \$73,000,000 and \$71,300,000, respectively, to provide contract services for paratransit eligibility determination and transportation provision functions throughout the County of Los Angeles. As of June 30, 2023 and 2022, Access Services had received and recognized as revenue all the funds available under these grants for paratransit provider services.

In addition, Access Services was awarded the following grants:

	Grant Amounts	Amounts Outstanding
On July 29, 2014, Access Services was awarded an FTA Section 5317 New Freedom grant for Service Area Expansion. The project’s scope of work consists of operating assistance to provide new paratransit service beyond what is required by ADA to/from origins/destinations outside Access Service’s area but within regions of Los Angeles County that are part of the Los Angeles-Long Beach-Anaheim area.	\$ 740,500	\$ 28,563
On January 1, 2017, Access Services was awarded an FTA Section 5317 New Freedom Service Area Expansion pass through grant from LACMTA to provide new paratransit service beyond what is required by the ADA to/from origins/destinations outside the Agency’s service area from/to the Lancaster-Palmdale Urbanized Area.	218,000	163,839

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

2. Summary of Significant Accounting Policies, continued

Revenue Recognition and Grants, continued

	Grant Amounts	Amounts Outstanding
On July 27, 2017, Access Services was awarded an FTA Section 5317 New Freedom Program pass through grant from LACMTA for operating assistance and vehicles replacement to expand and continue Access Services' Access to Work program, which provides paratransit services for seniors and persons with disabilities throughout Los Angeles County. Access Services had received and recognized as revenue all the funds available under this grant for Access to Work program.	2,262,567	-
On December 1, 2019, Access Services was awarded an FTA Section 5312 Transit Bus Automation Strategic Partnerships grant for accessible autonomous paratransit vehicle development, paratransit autonomous vehicle operations, and autonomous paratransit vehicle curbside operations.	120,000	42,000
On September 14, 2020, Access Services was awarded an FTA Section 5310 ADA Complementary Paratransit vehicle replacement grant to purchase replacement vehicles. As of June 30, 2023, Access purchased and received 26 eligible vehicles and had 102 eligible vehicle purchases made in advance of funding.	10,934,004	8,784,660
On September 5, 2021, Access was awarded an FTA 5310 Formula Program at 100% Federal Share - Access Services 5310 - Transfer Trip Program grant to increase mobility options for seniors and persons with disabilities in the Lancaster-Palmdale and Santa Clarita.	483,920	113,167
On February 9, 2021, Access Services was awarded an FTA Section 5310 Enhanced Mobility Pilot Program Accessible Traveler Mobile App ("ATMA") Pilot Program grant to test, integrate, and deploy the new application to Access Service's Where's My Ride mobile app. Access Services had received and recognized as revenue all the funds available under this grant for ATMA Program.	330,000	-
On May 25, 2018, Access Services was awarded County-Based Medi-Cal Program grant to improve the availability and accessibility of Medi-Cal services to Medi-Cal eligible and potentially eligible individuals, and their families.	4,000,000	330,356
On May 17, 2023, Access Services was awardedn FTA Section 5307 Additional Assistance grant for purchase of parts, vehicle repair, rehabilitation and preventative maintenance.	5,000,000	3,506,260
On January 20, 2020, Access Services was awarded Emergency Protective Measures grant from the Department of Homeland Security - Federal Emergency Management Agency for personal protective equipment ("PPE") and vehicle cleaning and sanitizing.	19,144,735	3,294,220

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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

2. Summary of Significant Accounting Policies, continued

Revenue Recognition and Grants, continued

	Grant Amounts	Amounts Outstanding
On September 8, 2022, Access Services was awarded an FTA 5310 Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) - Access Services Transfer Trip Program - 100% Federal share to prevent, prepare for and respond to coronavirus. The transfer trip program was to increase mobility options for seniors and persons with disabilities in the outlying areas of Lancaster-Palmdale and Santa Clarita. Access Services had received and recognized as revenue all the funds available under this grant for Transfer Trip Program.	72,290	-
On September 8, 2022, Access Services was awarded an FTA 5310 American Rescue Plan ("ARP") - Access Services Transfer Trip Program - 100% Federal share to increase mobility options for seniors and persons with disabilities in the outlying areas of Lancaster-Palmdale and Santa Clarita. Access Services had received and recognized as revenue all the funds available under this grant for Transfer Trip Program.	72,291	-
	\$ 43,378,307	\$ 16,263,065

Revenue from Contracts with Customers

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

The Organization charged fares to certain passengers. Fares are distance-based and currently range from \$2.75 to \$3.50 for each one-way trip. Passenger revenues were \$8,268,141 and \$6,797,934 for the years ended June 30, 2023 and 2022, respectively (see Note 6).

Concentration of Credit and Business Risk

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

Access Services received approximately 32% and 41% of its total funding for the years ended June 30, 2023 and 2022, respectively, from the FTA, and the receivable from the FTA accounted for 77% and 96% of total grants receivable as of June 30, 2023 and 2022, respectively. Any material reduction in the contract amounts granted would have a material adverse effect on the Organization's business, results of operations, and financial condition. Management anticipates that each program will continue to be renewed in the foreseeable future. As of June 30, 2023 and 2022, \$12,432,650 and \$11,261,240, respectively, was due from FTA.

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

2. Summary of Significant Accounting Policies, continued

Concentration of Credit and Business Risk, continued

Access Services receives funding from LACMTA acting in its role as a Regional Transportation Planning Authority through an annual Memorandum of Understanding (“MOU”). For the years ended June 30, 2023 and 2022, this funding represented approximately 55% and 53%, respectively, of Access Services’ total funding received for the years then ended. As of June 30, 2023 and 2022, \$186,518 and \$2,312,802, 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 99% of the expense associated with transportation services, and 81% 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 (“IRC”) and is exempt from state franchise taxes under Section 23701(d) of the California Revenue and Taxation Code, whereby only unrelated business income, as defined by Section 509(a)(1) of the IRC, is subject to federal income tax.

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

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

Cash and Cash Equivalents

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

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

2. Summary of Significant Accounting Policies, continued

Restricted Cash

The Organization applies the provision of Financial Accounting Standards Board (“FASB”) ASC Topic 230, *Statement of Cash Flows*, and presents combined inflows and outflows of cash and restricted cash in the statement of cash flows.

Property and Equipment, Net

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

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

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

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

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

The Organization reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of its property and equipment may not be recoverable. An impairment loss is recognized when the assets’ carrying value exceeds both the assets’ estimated undiscounted future cash flows and the assets’ estimated fair value. Measurement of the impairment loss is then based on the estimated fair value of the assets. Considerable judgment is required to project such future cash flows and, if required, to estimate the fair value of the property and equipment and the resulting amount of the impairment. No impairment charges were recorded for property and equipment for the years ended June 30, 2023 and 2022.

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

2. Summary of Significant Accounting Policies, continued

Investments

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

Leases

Effective July 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right-of-use (“ROU”) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not record a ROU asset and lease liability and the payments will be recognized in the change in net assets on a straight-line basis over the lease term.

The Organization elected to adopt ASC 842 using the optional transition method that allows the Organization to initially apply ASC 842 at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. As a result, the Organization reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840. The Organization elected to adopt the package of practical expedients available under the transition guidance with ASC 842. This package includes the following relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the ROU assets.

Adoption of ASC 842 resulted in the recording of ROU asset – operating leases of \$6,472,691 and lease liability – operating leases of \$6,634,965 as of July 1, 2022. The difference in ROU asset and lease liability was the result in the elimination of the deferred rent account from the statements of financial position.

New Accounting Standards Not Yet Adopted

Financial Instruments – Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the ASU 2016-13 replace the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. ASU 2016-13 is effective for fiscal year beginning after December 15, 2022. Early adoption is permitted. Management is currently evaluating the impact of the pending adoption of ASU 2016-13 on the Organization’s financial statements and disclosures.

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

3. Liquidity and Availability of Financial Assets

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

As of June 30, 2023 and 2022, the Organization had \$43,102,001 and \$34,777,476, 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. Occasionally, the Board designates a portion of any excess cash which are held in short-term investments accounts toward future facilities development expenditures.

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

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents	\$ 11,455,654	\$ 5,277,100
Short-term investments	26,240,096	26,295,776
Grants receivable	16,099,226	11,751,969
Due from LCMTA	186,518	2,312,802
Accounts receivable	132,245	55,614
Total financial assets available within one year	54,113,739	45,693,261
Less: amounts unavailable for general expenditures in one year, due to:		
Receivable to be collected when expenses incur	(3,148,987)	(527,204)
Receivable to be collected when vehicles purchase	(7,862,751)	(10,388,581)
Financial assets available to meet cash needs for general expenditures within one year	\$ 43,102,001	\$ 34,777,476

4. Restricted Cash

As of June 30, 2023 and 2022, the Organization had \$41,121,747 and \$16,078,030, respectively, in restricted cash and were classified as long-term. Restricted cash consisted of the following as of June 30:

	2023	2022
Self-insurance retention	\$ 6,404,767	\$ 5,480,705
Unfunded pension liability	5,914,744	2,125,591
Accrued vacation liability	1,259,682	1,034,354
Facilities development expenditures	27,542,554	7,437,380
Total	\$ 41,121,747	\$ 16,078,030

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

5. Grants Receivable

Grants receivable consisted of the following as of June 30:

	2023	2022
Section 5310 capital grant	\$ 8,784,660	\$ 10,934,004
Section 5312 Transit Bus Automation Strategic - Partnerships	42,000	42,000
Section 5310 Accessible Traveler Mobile App (ATMA) - Pilot Project	-	125,818
Section 5307 ARPA High Mileage Vehicle	3,506,260	-
Section 5310 Grant Transfer Trip Program	113,167	-
Service expansion grant	28,563	159,418
Medical	330,356	490,729
Federal Emergency Management Agency - capital grant	3,294,220	-
Total	\$ 16,099,226	\$ 11,751,969

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.

6. Accounts Receivable and Deferred Revenue

Accounts receivable generally consists of the sales of rider coupons by cities or transportation agencies not yet remitted to the Organization. Additionally, the Organization has recorded deferred revenue of \$556,696 and \$175,763 related to coupons sold but not utilized as of June 30, 2023 and 2022, respectively.

Accounts receivable consisted of the following as of June 30:

	2023	2022
Accounts receivable at beginning of year	\$ 59,518	\$ 56,707
Increase in accounts receivable	11,265	11,978
Collections	(10,810)	(9,167)
Accounts receivable at end of year	\$ 59,973	\$ 59,518

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

7. Property and Equipment, Net

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

	2023	2022
Vehicles and equipment	\$ 43,561,164	\$ 43,382,546
Software	3,304,922	3,085,622
Leasehold improvements	1,658,116	1,643,198
Construction in progress	124,582	217,695
Office furniture and equipment	1,211,032	1,189,929
Total property and equipment	49,859,816	49,518,990
Less: accumulated depreciation	(43,636,497)	(41,027,450)
Property and equipment, net	\$ 6,223,319	\$ 8,491,540

Depreciation expense was \$4,500,577 and \$5,440,699 for the years ended June 30, 2023 and 2022, respectively.

8. Investments and Fair Value Measurements

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

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

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

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

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

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

8. Investments and Fair Value Measurements, continued

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

Investments recorded at fair value, consisted of the following as of June 30, 2023 and 2022:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
US Treasury debt securities	\$ 26,240,096	\$ -	\$ -	\$ 26,240,096
Total investments	\$ 26,240,096	\$ -	\$ -	\$ 26,240,096
	June 30, 2022			
	Level 1	Level 2	Level 3	Total
US Treasury debt securities	\$ 26,295,776	\$ -	\$ -	\$ 26,295,776
Total investments	\$ 26,295,776	\$ -	\$ -	\$ 26,295,776

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

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

9. Leases

Access Services signed a noncancelable office lease on November 1, 2017, commencing on January 1, 2017 for 5 years with two additional 5 year options. Management's intention is to exercise the extension options and the expiring is therefore December 31, 2032. The base monthly rent is \$50,000 for the entire period.

Access Services signed a noncancelable office lease for eligibility center on October 20, 2016, commencing on June 1, 2017 for 126 months, expiring on December 31, 2027. The base monthly rent is \$20,079 for the first year with annual increase of 3%.

Access Services signed a noncancelable office lease on August 11, 2021, commencing on August 10, 2021 for 126 months, expiring on November 30, 2024. The base monthly rent is \$1,097 for the first year with annual increase of 3%.

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

9. Leases, continued

Supplemental statement of financial position information related to leases as of June 30, 2023:

Right-of-use asset - operating	\$ 6,472,691
Right-of-use asset - operating, accumulated amortization	<u>(732,221)</u>
Right-of-use asset - operating leases, net	<u><u>\$ 5,740,470</u></u>
Short-term lease liability - operating	\$ 768,900
Long-term lease liability - operating	<u>5,123,552</u>
Total lease liabilities - operating	<u><u>\$ 5,892,452</u></u>

Supplemental cash flow information related to leases as of June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 892,851
Lease assets obtained in exchange for lease obligations:	
Operating lease	\$ 6,472,691

Other information related to leases:

Operating leases:	
Weighted-average remaining lease term (in years):	7.56
Weighted-average discount rate:	2.39%

Future maturities of lease liabilities are presented in the following table:

Year ending June 30:	
2024	\$ 901,634
2025	902,300
2026	905,220
2027	914,388
2028	734,925
Thereafter	<u>2,100,000</u>
Total lease payments	6,458,467
Less: Interest	<u>(566,015)</u>
Present value of lease liabilities	<u><u>\$ 5,892,452</u></u>

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

10. Deferred Support

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

	2023	2022
Deferred support at beginning of year	\$ 22,385,656	\$ 9,485,344
Increase in deferred support	144,912,223	113,592,189
Expenses incurred	(136,682,367)	(99,042,235)
Capital assets acquired	(2,289,127)	(1,649,642)
Deferred support at end of year	\$ 28,326,385	\$ 22,385,656

Deferred support consisted of the following as of June 30:

	2023	2022
LACMTA funding	\$ 12,428,741	\$ 6,469,872
5310 capital grant	7,862,751	9,578,728
5310 ATMA grant	-	15,000
5310 Transfer Trips grant	57,371	-
5307 ARPA grant	2,978,323	-
Access to work FTA JARC grant	-	809,853
Service expansion/Adult Tether Strap grant	113,293	512,203
Facilities development fund	4,885,906	5,000,000
Total	\$ 28,326,385	\$ 22,385,656

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

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

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

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

11. 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. For the years ended June 30, 2023 and 2022, 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 7.00% 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 8.630% and 8.650% of employees’ gross wages for the years ended June 30, 2023 and 2022, respectively.

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

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

The Organization utilizes the most recent actuarial information available at the time it prepares and issues its financial statements. As of June 30, 2023 and 2022, the most current available actuarial financial information from CalPERS was as of June 30, 2022 and 2021, respectively.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below as of June 30, 2022 and 2021 (the most up to date information currently available):

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount rate	6.90%
Salary increases	Varies by Entry Age and Service
Inflation	2.30%
Mortality rate table	Derived using CalPERS’ membership data for all Funds
Post-retirement benefit	Contract COLA up to 2.30% until purchasing power
Increase	Protection allowance floor on purchasing power applies

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

11. Retirement Plan, continued

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount rate	7.15%
Salary increases	Varies by Entry Age and Service
Inflation	2.50%
Mortality rate table	Derived using CalPERS' membership data for all Funds
Post-retirement benefit	Contract COLA up to 2.50% until purchasing power
Increase	Protection allowance floor on purchasing power applies

Required Supplementary Information

Trend Information

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

	2023	2022
Entry age normal accrued liability	\$ 24,657,372	\$ 22,444,547
Market value of plan assets	\$ 19,193,958	\$ 20,253,176
Unfunded defined benefit plan liability	\$ 5,463,414	\$ 2,191,371
Funded ratio	77.8%	90.2%
Annual covered payroll	\$ 3,165,463	\$ 3,033,250

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

	2023	2022
Entry age normal accrued liability	\$ 3,328,052	\$ 2,680,578
Market value of plan assets	\$ 2,876,722	\$ 2,746,358
Unfunded defined benefit plan liability	\$ 451,330	\$ (65,780)
Funded ratio	86.4%	102.5%
Annual covered payroll	\$ 2,628,428	\$ 2,488,403

ACCESS SERVICES
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NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

11. Retirement Plan, continued

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

	2023	2022
Contributions made during the year	\$ 1,128,924	\$ 999,615
Increase (decrease) in unfunded defined benefit plan liability	3,789,153	(2,334,891)
Total	\$ 4,918,077	\$ (1,335,276)

12. Contributed Nonfinancial Assets

For the year ended June 30, 2022, contributed nonfinancial assets recognized within the statement of activities included:

Services	\$ 74,250
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Access Services recognized contributed nonfinancial assets within revenue, including services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed services was utilized for system development. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

13. Commitments and Contingencies

Litigation

The Organization is a defendant in various lawsuits, filed by a former employee alleging unfair practice charge and by passengers alleging negligence, which seeks damages totaling \$70,500,000. The Organization accrued a settlement in the amount of \$10,000,000, based on the advice of the Organization's legal counsel and management experiences with these matters and historical trend. However, if the settlement is over the accrual amount, the insurance coverage will provide protection for any potential adverse impact over the accrual amount. The outcome of litigation is inherently uncertain. Although it is not possible to protect the outcome of these matters, in the opinion of management, there is not at least a reasonable possibility the Organization may incur a material loss, or a material loss in excess of a recorded accrual, with respect to loss contingencies for asserted legal and other claims.

Self-Insurance

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

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

13. Commitments and Contingencies, continued

Self-Insurance, continued

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

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

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 5,480,705	\$ 4,994,495
Charged to operating costs	1,974,339	1,582,809
Payments for claims	<u>(1,050,277)</u>	<u>(1,096,599)</u>
Balance at end of year	<u>\$ 6,404,767</u>	<u>\$ 5,480,705</u>

14. Subsequent Events

The Organization evaluated subsequent events for recognition and disclosure through January 29, 2024, the date which these financial statements were available to be issued. Management determined there were no material subsequent events that required recognition or disclosure.

SUPPLEMENTARY INFORMATION
IN COMPLIANCE WITH UNIFORM GUIDANCE
For the year ended June 30, 2023

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Grant Number	Effective Date	Program or Award Amount	Total Federal Expenditures
U.S. Department of Transportation						
Surface Transportation Program Local Regional Section 5310 Grant Elderly and Individuals with Disabilities	20.513		CA-2022-139-00	July 26, 2022	\$ 73,000,000	\$ 73,000,000 *
ADA Complementary Paratransit Vehicle Replacement Section 5310 Grant Enhanced Mobility of Seniors and Individuals with Disabilities Program	20.513		CA-2020-284-00	September 14, 2020	10,934,004	1,715,977 *
Service Area Expansion Section 5317 - New Freedom	20.521		CA-57-X104-00	July 29, 2014	740,500	90,049 *
Section 5310 Grant Transfer Trip Program Enhanced Mobility of Seniors and Individuals with Disabilities into the Los Angeles Basin area in the Lancaster-Palmdale and Santa Clarita areas	20.513		CA-2021-235-00	September 5, 2021	483,920	359,250 *
Coronavirus Response and Relief Supplemental Appropriations Act of 2021 Section 5310 Grant Transfer Trip Program Enhanced Mobility of Seniors and Individuals with Disabilities into the Los Angeles Basin area in the Lancaster-Palmdale and Santa Clarita areas	20.513		CA-2022-228-00	September 8, 2022	72,290	72,290 *
American Rescue Plan (ARP) Section 5310 Grant Transfer Trip Program Enhanced Mobility of Seniors and Individuals with Disabilities into the Los Angeles Basin area in the Lancaster-Palmdale and Santa Clarita areas	20.513		CA-2022-229-00	September 8, 2022	72,291	72,291 *
Section 5310 - Enhanced Mobility Pilot Program Accessible Traveler Mobile App (ATMA) Pilot Project	20.513		CA-2021-015-00	February 9, 2021	330,000	15,000 *
Los Angeles County Metropolitan Transportation Authority - Service Area Expansion Section 5317 - New Freedom Funds	20.521	MOU.920000000 NFACCESS14	CA-57-X100-01	January 1, 2017	218,000	32,891 *
Los Angeles County Metropolitan Transportation Authority - New Freedom Program Section 5317 Funds	20.521	920000000S1724	CA-57-X100	July 27, 2017	2,262,567	275,970 *
ARP Section 5307 Additional Assistance (Discretionary ID: D2022-RPAU-001) Purchase of Parts, Vehicle Repair Rehabilitation and Preventative Maintenance	20.507		CA-2023-045-00	May 17, 2023	5,000,000	2,021,677
U.S. Department of Homeland Security						
Federal Emergency Management Agency PPE and Vehicle Cleaning and Sanitizing	97.036		4482DR-CA	January 20, 2020	19,144,735	19,144,735
U.S. Department of Health and Human Services						
County of Los Angeles County-Based Medi-Cal Administrative Activities (CMAA)	93.778	PH-003493		May 25, 2018	4,000,000	450,463
Total					<u>\$ 116,258,307</u>	<u>\$ 97,250,593</u>

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

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Access Services under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Access Services, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Access Services.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

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



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

To the Board of Directors
Access Services
El Monte, California

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Access Services, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 29, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

To the Board of Directors
Access Services

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "BPM LLP". The "B" is stylized with a diagonal stroke.

Long Beach, California
January 29, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors
Access Services
El Monte, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Access Services' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Access Services' major federal programs for the year ended June 30, 2023. Access Services' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Access Services complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Access Services' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Access Services' compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Long Beach, California
January 29, 2024

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2023

Section I: Summary of Audit Results

Financial Statements

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

Federal Awards

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

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.513, 20.521	Transit Services Programs Cluster
20.507	Federal Transit Cluster
97.036	Federal Emergency Management Agency

- | | | |
|----|--|-------------|
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$2,917,518 |
| 9. | Auditee qualified as a low risk auditee? | Yes |

ACCESS SERVICES
(A California Nonprofit Public Benefit Corporation)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued
For the year ended June 30, 2023

Section II: Financial Statement Findings

No matters were reported.

Section III: Federal Award Findings and Questioned Costs

No matters were reported.

Section IV: Status of Prior Year Findings

No matters were reported.