



DATE: JANUARY 26, 2022
TO: ATN BOARD OF DIRECTORS
FROM: DIANA KOTLER, EXECUTIVE DIRECTOR
RE: AGENDA ITEM 17

RECOMMENDATION:

Authorize Anaheim Transportation Network Executive Director to submit 2021 Annual Stakeholder Report to the City of Anaheim in compliance with the Anaheim Municipal Code Ordinance 6464

DISCUSSION:

On May 14, 2019, Anaheim City Council adopted Ordinance 6464 approving a non-exclusive franchise to the Anaheim Transportation Network (ATN).

Every year, ATN is required to submit, to the City of Anaheim, an Annual Report in summary of the past year's activities and as an outline of the Work Program for the upcoming year. This annual report provides an opportunity for ATN and the City of Anaheim to review mutual local priorities for public transit services -- priorities designed to meet transportation needs of our community. A copy of 2021 Annual Report is provided as Attachment 1.

BACKGROUND INFORMATION:

The relationship between the City of Anaheim and Anaheim Transportation Network (ATN) goes back to the formation of ATN in 1995 as part of the Anaheim Resort Specific Plan. Since initial formation of ATN, the relationship strengthened, and analogous transportation initiatives and requirements were added to other Specific Plans and environmental documents throughout Anaheim to support transportation programs and services throughout Anaheim.

An opportunity to further address public need for transportation services is identified in the City of Anaheim Charter, Section 1400, Article XIV. Upon consultation with the City of Anaheim in 2004, ATN decided to submit a franchise application, and was awarded a non-exclusive franchise agreement to operate ART service.

On May 5, 2011, ATN requested to amend the original franchise to extend public transportation services within and outside the City of Anaheim limits. Pursuant to the procedures set forth in Article XIV of the Charter of the City of Anaheim, on May 17, 2011, the City Council adopted Resolution No. 2011-068 approving requested amendment to the franchise application.

The 2019 franchise award allowed for ATN to amend its franchise in an effort to plan for the future and to include ability to add demand-responsive services, mobile payment applications, MicroTransit applications and numerous other transportation initiatives that are driven by advances in technology and customer-centric expectations. Through the adopted Ordinance No. 6464, ATN operates as municipal operator for the City of Anaheim.



ATN

Anaheim Transportation Network

Annual Report | 2021





ABOUT ATN

The Anaheim Transportation Network (ATN) provides a menu of transportation services for the general public in the greater Anaheim area. These programs include Anaheim Resort Transportation (ART), a network of fixed and on-demand fixed routes, MicroTransit service Free Rides Around the Neighborhood (FRAN) and to be unveiled in 2022 new on-demand service to link Anaheim with John Wayne Airport, as well as Night Owl Service to be known at Everyone Ventures Everywhere (EVE). These family of ATN services – ART, FRAN, and EVE – represent multi-modal diversity of service delivery to help reinstate transportation and mobility options to Anaheim community as our City and destination reopens after a pandemic.

Our goal is to provide transportation programs and services to foster a positive environment for everyone who lives, works, or visits the greater Anaheim area

MISSION STATEMENT

As a public transit provider, ATN's mission is to enhance transport options by delivering reliable and efficient transportation solutions. Our commitment to customers consists of integrity, exceptional service, can-do spirit, communication, and partnerships.

ATN provides a menu of transportation services for the general public in the greater Anaheim region. These programs include ART, a network of fixed and on-demand public transit routes, MicroTransit service, aka, Free Rides Around the Neighborhood – FRAN; and soon to be unveiled on-demand regional connector -- Everyone Ventures Everywhere (EVE). ATN, through its accessible menu of mobility options, serves residents, visitors, and commuters throughout our region, to name a few:

- ✓ Popular employment centers and destinations within The Anaheim Resort®
- ✓ Historic neighborhoods and civic uses at Center City Anaheim
- ✓ Residential complexes with sport and entertainment venues in The Platinum Triangle™
- ✓ Neighborhood services for 2nd and 3rd shift employees
- ✓ Direct connections to Orange County's airport

CALENDAR YEAR 2021 STATISTICS

ATN continued its operations and services during Covid-19 pandemic. Even though services were reduced by 97 percent, services supported essential workers, food and essential supply deliveries, support of business establishments in Center City Anaheim and on-demand operations in the Anaheim Resort.

Prior to the March 4 and March 19, 2020, Stay-at-Home orders issued by California Governor Newsom, to protect the health and well-being of all Californians, ATN was on a trajectory to reach annual ridership of over 9.5 million passengers. Subsequent to the issuance of the above-mentioned Stay-at-Home orders and resulting closures of Anaheim's destinations, Convention Center, sporting venues, retail and restaurant businesses, civic centers, and hospitality establishments, ATN reduced its service level by over 97 percent.

With tiered reopening of the destinations and theme parks in Anaheim, ATN began to gradually add service level commensurate with demand. Throughout 2021, ATN strategically restored service and is currently operating:



- ✓ 9 fixed routes
- ✓ 7 on-Demand Routes
- ✓ FRAN MicroTransit Service
- ✓ Senior Mobility Service

	2019	2020	2021 (Pre-Opening)	2021 (Post-Opening)
Total Ridership	9,448,810	1,534,648	68,733	3,427,116
Total Revenue Miles of Service	1,520,860	399,738	84,963	458,390
Total Revenue Hours of Service	235,426	62,075	13,791	60,458
Total Fleet Size	92	92	19	67

ATN ENVIRONMENTAL POLICY

Despite pandemic and difficult economic and operating conditions, the environmental stewardship continues to be at the heart of ATN purpose:

“The reality about transportation is that it is future oriented. If we’re planning for what we have, we’re behind the curve.”

- ✓ Conserve energy
- ✓ Reduce greenhouse gas emissions
- ✓ Encourage use of public transportation
- ✓ Raise public consciousness & awareness

Our current and future initiatives build upon the foundational promise to our community, to always be mindful of environmental protection and consciousness. **#ElectrifyAnaheim** initiatives (Appendix 1) represent ATN’s commitment to present and forthcoming programs to advance environmentally sustainability initiatives and guide our policy decisions.



Chairman’s Message



On behalf of the Anaheim Transportation Network’s (ATN) Board of Directors, I am pleased to share our 2022 Annual Stakeholder Report.

This has been an unprecedented time for our City, our destination and ATN. Despite difficulties presented to us throughout 2020/2021, ATN worked to secure all available federal relied funding to support limited level of operations in order to preserve the organization and its services to the community.

Even though ATN was laser-focused on financial preservation of the organization, planning for future growth in The Platinum Triangle™ and DisneylandForward in the Anaheim Resort had to continue. This year, with the grant funding from California Department of Transportation (Caltrans), we will engage with community stakeholders in in-depth conversations to design, fund and deliver on the mobility needs and vision for our City.

As we look into 2022, we know that we need to concentrate on further environmental stewardship by opening our state-of-the art Zero Emission Bus (ZEB) Operations and Administration facility. This new operating hub will support ATN’s conversion of over 58 percent of its fleet to zero emission technologies. ATN will remain steadfast in its goal of 100 percent fleet electrification by 2026.

ATN will also continue to work on the deployment of new mobile technology initiatives that embrace mobile ticketing, real-time passenger information systems, trip planning, parking guidance and single payment options, will continue to provide our patrons with ability to use our transportation and mobility programs with ease and confidence.

As we plan for re-opening, we are very eager to welcome all of you on board ART and FRAN!

Paul Sanford

Paul Sanford
ATN Chairman

**TRANSIT BECOMES
INTEGRATED WITH THE DEVELOPMENT**

“As a public transit agency, ATN is working with developers up front to plan for transit opportunities. This type of planning doesn’t exist anywhere else. With this proactive approach to management of transportation services, we incorporate transit. It is not just an appendage on the roadway or a non-descriptive bus stop. Transit becomes integrated with the development. I know this is a paradigm shift... I know this is revolutionary... but we have to look beyond the obvious, stop living in our development bubbles, and begin to provide mobility solutions to the traveling public ”

Paul Sanford
CEO
Wincome Hospitality





2022 Service HIGHLIGHTS

MicroTransit Service – FRAN



On January 25, 2019, ATN began a new service -- Free Rides Around the Neighborhood (FRAN) in Center City Anaheim. Center City is roughly delineated by a 0.5-mile diameter circle centering on the intersection of Clementine Street and Center Street Promenade. Just as FRAN celebrated its first anniversary of service, Stay-at-Home orders went into effect. During this time, ATN suspended FRAN operations from April 13, 2020 to August 7, 2020. On May 27, 2020 ATN resumed FRAN service as Food Run Around Neighborhood in support of local residents and restaurateurs.

In 2021, ATN began a comprehensive study to look at the future of FRAN service delivery. Funded by STEP grant from the California Air Resources Board (CARB), the study will provide a pathway for long term sustainable operations with focus on service expansion to Center City neighborhoods, and local, yet, diverse Center City’s destinations and civic uses.

	2020	2021 (Pre-Opening)	2021 (Post-Opening)
Total Ridership	11,643	2,769	2,777
Total Revenue Miles of Service	7,268	4,610	5,222
Total Revenue Hours of Service	2,591	1,251	1,414
Average Wait Time	3.37	2.12	3.42
Average Ride Time	2.52	2.44	2.30

Even though FRAN service had to be modified to serve not only as a mobility provider, but as a food delivery service, FRAN was able to meet the needs of Center City residents and business community.

Anaheim Center City – FRAN Stops

- Central Library
- City Hall complex
- Downtown Community Center
- Farmers Park
- Muzeo Museum and Cultural Center
- Packing District
- Rinks Anaheim Ice Arena
- Senior Center
- Town Square Shopping Center

Looking into 2022, ATN will retain both mobility and food delivery options for the menu of FRAN services – food and mobility.



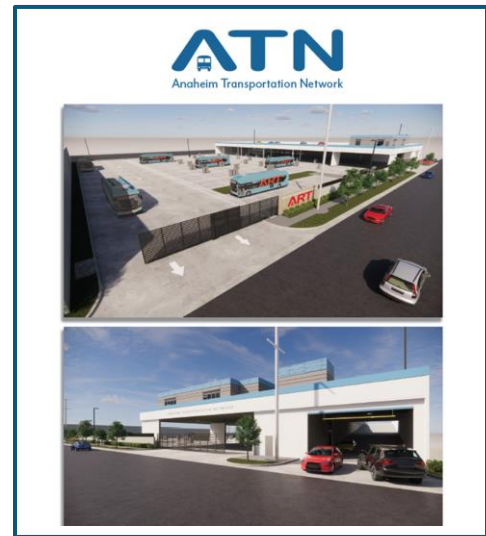


ATN NEW OPERATING FACILITIES

On July 25, 2019, City of Anaheim and ATN signed a Purchase and Sale (PSA) Agreement to construct new ATN facilities at Claudina Avenue and Manchester Sliver sites. New facilities will house state-of-the-art charging facility to accommodate full electrification of ATN fleet, which began with **#ElectrifyAnaheim** initiatives. The first phase of the **#ElectrifyAnaheim** will bring 46 new ZEBs and new charging, maintenance, and administrative facilities.

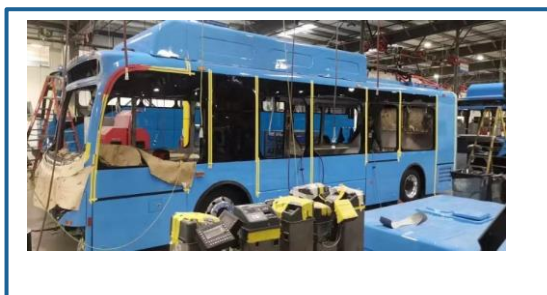


To ensure ATN is able to charge its new electric fleet of buses and deliver service to community at cost-effective rates, ATN received a \$5 million grant award from the California Energy Commission (CEC) with a \$1.95 million award from the Self Generation Incentive Program (SGIP) to supplement a Power Purchase Agreement (PPA) with Amply Power. Combined awarded grant funding, in concert with the PPA, represents one of the largest, in its scale and longevity, program in Southern California.



In summary, the new fleet of ATN vehicles and facilities benefits our Anaheim citizens and business community for decades to come and provides a baseline for future deployment of zero emission technologies.

ATN worked in partnership with the local Los Angeles/Orange County Trade Unions to develop and execute a Project Labor Agreement (PLA). With the PLA in place, ATN is completing entitlement processes to begin construction shortly.





ATN CONTINUES TO SERVE ANAHEIM

MEETING COMMUNITY NEEDS – GRASSROOTS PARTNERSHIPS

The impacts of Covid-19 have been difficult on our City, the industry we serve and thousands of employees who work diligently to support our City and our destination. ATN took a position that during these unprecedented times our role was:

1. Endure and resume public transit services once health officials allow for safe re-opening;
2. Secure all available funding to sustain operations;
3. Work with community partners to deliver vital supplies, food, and other essential goods to the most vulnerable populations; and
4. Plan strategically for re-opening of our destination commensurate with the needs and service demand in a sustainable manner.

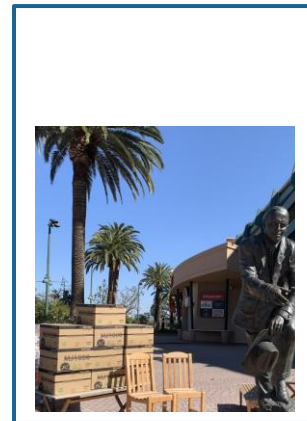


In support of the four objectives listed above, ATN worked with elected officials, Anaheim Family YMCA, and local business partners to deliver over one million meals, as part of the Anaheim school lunch program.

CORE ART SERVICE CONTINUES

Since March 2020, ATN continued to provide core ART service to support essential employees and lodging establishments that remained opened in The Anaheim Resort®. ART service operated to support Anaheim train stations at Anaheim Regional Intermodal Transportation Center (ARTIC) Anaheim Canyon Metrolink Station.

In the Anaheim Resort, ART operated core services along Harbor Boulevard, Katella Avenue, Hotel Circle and Disneyland® Main Transportation Center.



For the past several years, ATN worked with its contractor, Parking Company of America, Inc. (PCA) to complete negotiations with Teamsters Local 952. In July 2020, PCA signed a labor agreement with Local 952 to represent all ART service operators. Agreement will stay in effect through Calendar Year 2024.

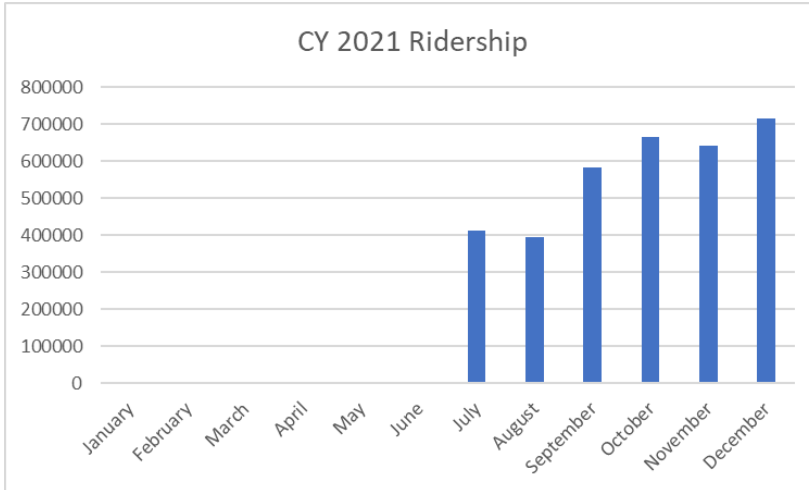
ATN renewed its agreement with PCA, through a competitive procurement process. Agreement will be in effect for the next five years, through Calendar Year 2027.



RETURN TO REGULAR OPERATIONS – POST COVID-19 SERVICE DELIVERY PLATFORM

On April 30, 2021, with the re-opening of Disneyland® Resort, ATN activated its reopening plans with a mix of traditional fixed and on-demand services. ATN chose eight routes, based on prior demand, for this hybrid operating approach.

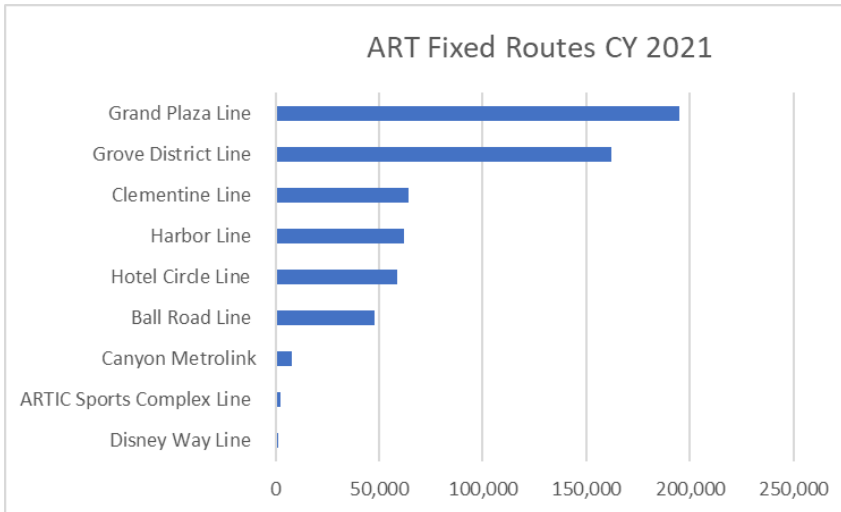
During the first month of reopening in May, the core ART fixed routes carried over 18,600 passengers. This data further reinforced ATN route selection choices. On-demand services proved to be almost as popular, with over 10,000 riders served in May 2021. Ridership continued to increase throughout 2021, reaching 75 percent of pre-pandemic levels by the end of 2021.



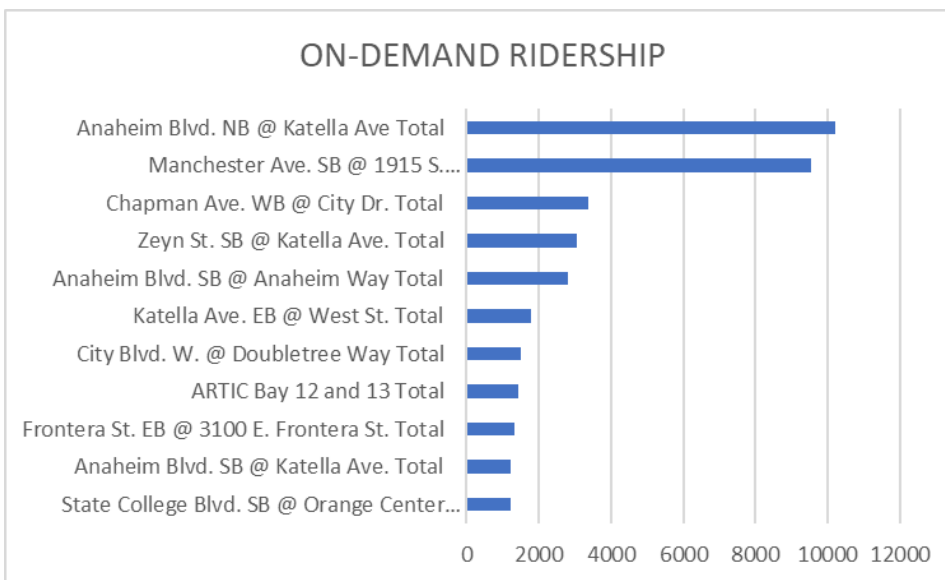
On June 18, 2021, The Disneyland® Resort reopened Toy Story Transportation Center, which increased service requirements for ATN’s fixed route services. June 18, 2021, The Disneyland® Resort reopened Toy Story Transportation Center, which increased service requirements for ATN’s fixed route services.

Total Passenger Boardings CY 2021	
Toy Story	2,753,742
ART	599,878
On Demand	122,371
FRAN	5,453
Senior Wheels	385

The fixed routes serving the Grand Plaza and Garden Grove continued to see the most ridership of the fixed routes. With the help of the new CAD/AVL system, ATN staff was able to monitor service demand times for on-demand service and determine that these two routes should move to an all-day schedule and no longer offer on-demand. This schedule change enabled ATN to continue to provide service at a high level to those routes, while also lowering on-demand wait times for stops still using that service.



Throughout 2021, ATN closely monitored route-by-route ridership to determine the most appropriate service delivery method. On December 31, 2021, ATN saw the largest ridership day with over 27,500 patrons.



Pickup Stop	Current Route	Adjustment
Anaheim Blvd. SB @ Anaheim Way Total	On-Demand	Add to Hotel Circle Line
Anaheim Blvd. NB @ Katella Ave Total	On-Demand	Add to Disney Way Line
Manchester Ave. SB @ 1915 S. Manchester Ave	On-Demand	Maintain current service level
Harbor Blvd. NB @ Orangewood Ave. Total	Grove District/On-Demand	Move to all day route
Hotels EB @ Harbor Blvd. Total	Grove District/On-Demand	Move to all day route
Zeyn St. SB @ Katella Ave. Total	Clementine/On-Demand	Maintain current service level
Chapman Ave. WB @ City Dr. Total	On-Demand	Maintain current service level
Harbor Blvd. SB @ Orangewood Ave. Total	On-Demand	Maintain current service level
Katella Ave. EB @ West St. Total	Katella Line/On-Demand	Maintain current service level
City Blvd. W. @ Doubletree Way Total	On-Demand	Maintain current service level



Real -Time Arrival Signage

ATN real-time arrival signs, installed at various stops in The Anaheim Resort and at the Disneyland Resort East Esplanade, continue to perform to specifications providing accurate predictions for all ART fixed routes.



Next phase of the project includes installation of Sorting Signs at East Esplanade to help guide patrons to the correct transportation bay and at the Anaheim Convention Center Grand Plaza.



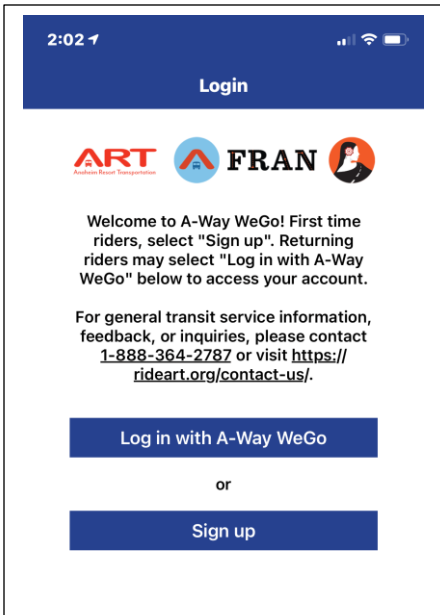
A-Way WeGo Mobile App

On December 1, 2021, ATN unveiled its white label App - **A-Way WeGo**. The App provides trip planning for both fixed and on-demand operations, ability to reserve future trips, and pay for transportation services. A-Way WeGo App serves the entire family of ATN services:

- ART
- FRAN
- Senior Mobility Program
- EVE (Starting Spring 2022)

CASHLESS OPERATIONS AND MOBILE TICKETING TRANSACTIONS

In 2021, ATN transitioned to cashless and touchless mobile/digital ticketing options. Mobile ticketing was introduced in phases:



1. Phase One - participating properties were no longer required to pre-purchase ART tickets and sell them to the patrons and/or maintain a hard inventory of ART passes. ATN provided all properties with Mobile App download instructions. ART passes are validated via a Bluetooth technology on board buses – all fareboxes and Ticket Vending Machines were removed from ART fleet all public locations.

Participation incentives were transitioned to commissionable sales. ART service agreements and ATN Fare Policy were amended to reflect this transactional change. Purchase of conventional paper tickets, through traditional purchase methods, is available at ATN’s Customer Service Center at ARTIC and main ATN office.

2. Phase Two – full payment integration into the A-Way WeGo App is slated for Spring 2022. Deployment of other ticketing opportunities such as theme parks, parking facilities, sporting venues, other transportation operators (rail and TNCs) and monetization and commissionable opportunities for the destination and ATN members is planned for late 2022.

Transition to mobile ticketing is consistent with the requirements under GBAC Certification. ATN received original GBAC certification in January 2021 and was re-certified in January 2022 in support of community’s efforts to ensure safe return of our employees, visitors, and commuters.





ATN FINANCIAL STABILITY

Two (2) years of audited financial statements, fiscal years FY 2020 and FY 2021, are presented in Appendix 3.

Given financial hardships created by Covid-19 pandemic, ATN had to rely on public assistance to maintain limited level of operations and staff. This assistance came in a form of CARES Act, Anaheim Tourism Improvement District (ATID) and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funding mechanisms.

ATN FLEET

ATN owns an active fleet of 74 buses and 10 Polaris GEM/Fran vehicles.

All vehicles are compliant with the American with Disabilities Act (ADA) requirements. A list of the ATN bus fleet is provided in Exhibit 2.

ATN began receipt of its electric bus fleet. Twelve (12) 30-foot Zero Emission Buses (ZEBs) were delivered in December 2020. Twenty 40-foot ZEB buses will be delivered to the ATN by April 2021. Ten 60-foot buses will be on the production line as soon as re-opening guidelines are provided by the State of California.

In addition, ATN will be added ten Green Commute electric vans to its fleet. These fleet of zero emission vans will provide service to John Wayne Airport as well as future Night Owl service to the members of Anaheim community who work in The Anaheim Resort and Platinum Triangles. Provided under the umbrella of EVE service, both airport and Night Owl services, will be available to the public on-demand through A-Way WeGo Mobile App.



**Exhibit 2 – ATN Fleet**

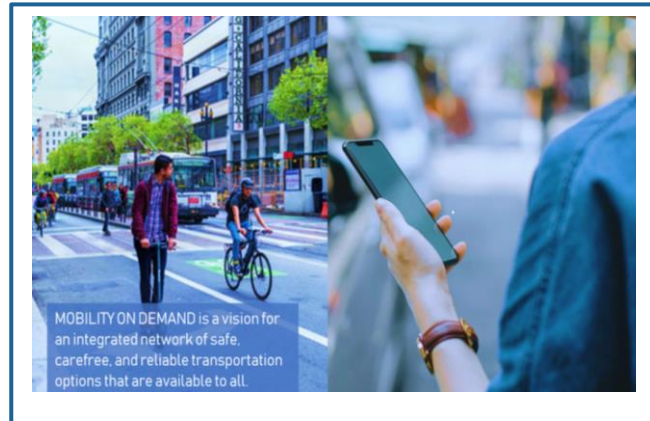
Manufacturer	Fuel Type	Model Year/Year Deployed in Service	Size	Seating/Standing Capacity	FTA Required Vehicle Life (in years)	Number of Units in Fleet
BYD	Electric	2016	40'	39/18	12	4
BYD	Electric	2020	30'	25/14	12	12
BYD	Electric	2021	40'	39/18	12	20
BYD*	Electric	2021	60'	55/25	12	10
El Dorado National-Starcraft	Liquefied Propane Gas	2011	32'	28/14	7	7
Glaval Entourage	Compressed Natural Gas	2012	33'	30/15	7	18
El Dorado National-Passport	Compressed Natural Gas	2013	35'	32/16	12	3
GreenPower	Electric	2021	22'	10	7	3
Polaris GEM	Electric	2018	13'	6	5	10



ATN INITIATES – AN EYE OF THE FUTURE

ATN will continue to concentrate its efforts on re-building its services and for the constituencies of The Anaheim Resort® and Platinum Triangle™ areas, as well as CtrCity Anaheim.

ATN will also continue to evolve in its role as a provider of mobility services as future development plans are finalized in The Platinum Triangle™. With an eye on the future, it is important to recognize the evolving development landscape and changing market forces without losing focus on the core markets served.



ATN will also continue its commitment to MicroTransit services as a more sustainable alternative parking management and alternatives to solo driving. By focusing on the complete transportation and mobility ecosystem, ATN is working to develop, for Anaheim residents, employees, and visitors a mobility marketplace that produces minimum carbon footprint. To support and achieve these initiatives, ATN Board of Directors established a robust Legislative Priorities Program (Appendix 4).

In the forthcoming year, ATN is also looking to present policy recommendations for the development of a transportation element for the Center City Specific Plan. Policy recommendations, based on grassroots community efforts and input, will guide deliberations to determine cost-structure options for future transportations services.

ATN is also looking forward to begin a study funded by California Department of Transportation (Caltrans) in partnership with the City of Anaheim and Anaheim community to develop a Multimodal Transit Plan to identify transformative multimodal solutions to create seamless connectivity for 50 million employees, residents, and visitors traveling between housing, jobs, and sports/entertainment destinations in Orange County. It will primarily focus on connectivity within/between three Central Anaheim neighborhoods: The Platinum Triangle (home to ARTIC, Honda Center, Angel Stadium, and Santa Ana River Trail), Center City Anaheim (revitalized downtown center), and The Anaheim Resort (Anaheim Convention Center, Disney Resorts, and numerous resort hotels). The Plan will: Evaluate transit technology alternatives, transit routes, and ridership forecasts; develop conceptual designs, cost estimates and a plan for locally supported operation/maintenance of an East/West transit connector; and coordinate with existing planning efforts (active transportation, car/bike share, parking technologies, on-demand MicroTransit, autonomous demonstrations). The proposed Plan will align with numerous developments in the City of Anaheim, community vision and SCAG's 2020-2045 Regional Transportation Plan/Sustainable Communities Strategy and will be developed in coordination with public/private partners.



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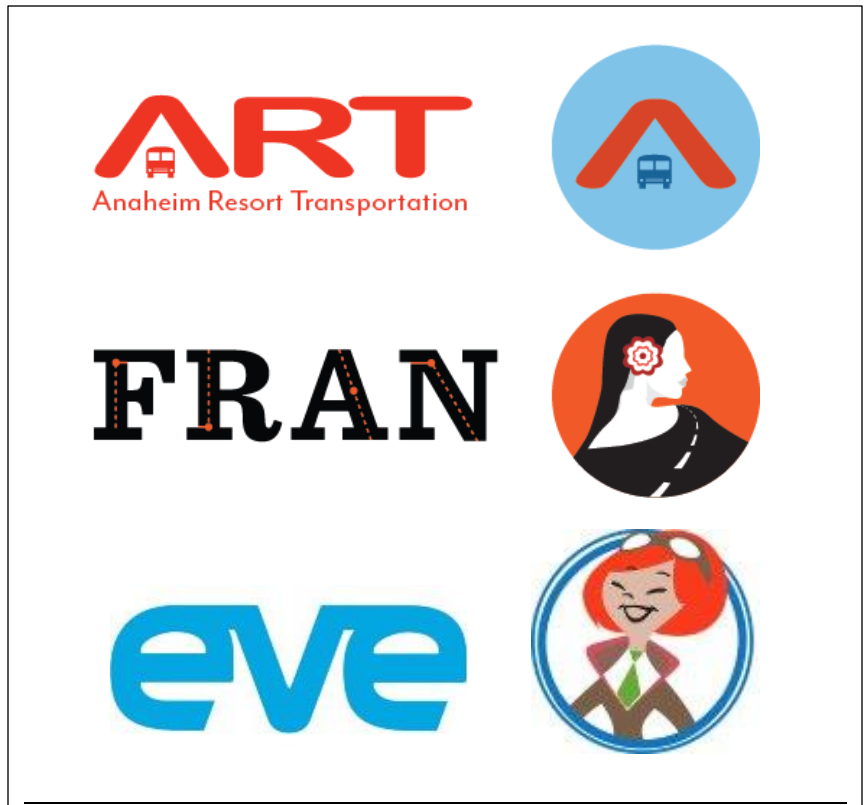
BRIAN SANDERS
ANGELS BASEBALL

CATHY DUTTON
Ex-Officio Member

ATN STAFF:

DIANA KOTLER
EXECUTIVE DIRECTOR

FRED WHITAKER
LEGAL COUNSEL
CUMMINGS & WHITE LLP





Appendix 1

Environmental Impacts White Paper



Anaheim Resort Transportation

Introduction – The purpose of this paper is to describe, using quantitative measures of effectiveness to the extent feasible, the air quality and traffic congestion mitigation benefits of Anaheim Resort Transportation (ART). ART is the public transportation system operating within The Anaheim Resort™ District and surrounding areas. Every year, over 9.5 million residents, visitors, and employees use ART to connect with local destinations, job centers, theme parks, sport venues, shopping centers, hotels, restaurants, and the ARTIC regional transportation center. As described herein, ART not only offers visitors, employees, and residents a convenient, low-cost transportation option, but delivers important environmental and quality of life co-benefits.

Summary of Environmental Benefits – The following sections of this paper discuss in greater detail the environmental benefits of ART public transit service. It will be shown that ART achieves – on an annual basis – a reduction in Greenhouse Gas Emissions (GHG) on the order of 7,325 metric tons. That is greater than 16 million pounds of carbon dioxide air pollution that *doesn't* enter the atmosphere. This reduction is based on 9.5 million riders who use the ART network to access major resorts and venues in The Anaheim Resort® area in lieu of using automobiles. As discussed below, ART eliminates, or reduces vehicle miles traveled, on the order of 3.7 million automobile trips annually. That equates to over 10,000 automobiles *each day* that are not contributing to traffic congestion in-and-around Anaheim's numerous high demand locations and employment centers. Those automobile trips – the ones that don't occur – avoid the air pollution emissions equivalent of greater than 26 million automobile miles, or approximately 72,000 automobile miles that are not driven in Anaheim each and every day. Given that 100% of the ART fleet operates exclusively on alternative fuel, including zero-emission electric, the use of ART displaces over 807,000 gallons of gasoline fuel each year.

Technical Approach – The methodologies used to quantify the GHG benefits of ART are those approved by the California Air Resources Board (ARB) for the assessment of public transit systems. The technical approach used in this analysis is comprised of the following tasks:

- Characterize the ART alternative fuel public transit service and bus fleet, including tabulation of the annual miles operated for each vehicle in the ART revenue fleet;
- Compute the emissions generated for each vehicle in the ART revenue fleet using the most current ARB methodologies and emissions factors;
- Analyze the most and complete ART ridership demographic data to establish the automobile usage that is avoided and/or reduced vehicle miles traveled by the availability of the ART transit system. This includes a quantification of automobile trips avoided as well as the miles associated with each avoided trip;
- Using the most current ARB model, EMFAC 2014, calculate the automobile air pollutant emissions that are avoided by using ART.



The difference in automobile GHG emissions that would have occurred if not for the availability of ART, minus the emissions generated by the ART alternative fuel transit fleet, yield the net GHG emissions reduced.

Characterization of the ART Revenue Vehicle Fleet – Operations data for the current fiscal year was analyzed to determine the GHG footprint of the ATN fleet. The ART revenue fleet is comprised of 82 vehicles. Of these, 27 are cut-away vehicles, three are mid-size transit-style buses, and 52 are full-size urban transit buses. 100% of the ART fleet operates on low-carbon alternative fuel, including compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas, (LPG, i.e., propane), and zero emission battery electric. The illustration below shows the composition of the ART revenue transit fleet.

Composition of the ART Transit Vehicle Fleet

Fuel Type	Number of Vehicles
Compressed Natural Gas	21
Liquefied Natural Gas	43
Liquefied Propane Gas	9
Zero Emission Pure Electric	4
Total Fleet	77

The ART transit fleet accrues on the order of 1.65 million miles annually. To calculate the GHG emissions generated by the ART fleet, the emissions contribution by each individual bus was assessed and then summed to determine ART’s total transit service GHG footprint.

The emission rates corresponding to each bus engine in the ART fleet was determined by querying the ARB Executive Order database of engine emissions certifications. Total annual GHG emissions per transit vehicle are calculated based on the annual miles each bus travels. Overall, the ART revenue fleet emitted approximately 2,103 metric tons, or approximately 4.6 million pounds of GHG emissions in the most recently completed fiscal year.

Quantification of Automobile Emissions Avoided by Using ART Transit – To determine the GHGs that would have been emitted had ART riders used their personal or rental automobiles in lieu of ART transit service, ART conducted a comprehensive survey of rider demographics and travel behavior. This survey was used to derive the estimated number of automobile trips avoided, vehicle miles traveled reduced and substituted with ART transportation services.

ART is unique amongst public transit agencies in Southern California, especially when viewed in the context of two key metrics – overall ridership trends and transit dependency. In Southern California, traditional public transit bus ridership is declining. This decline can be attributed to several factors; however, most relevant is the improvement in the overall economy since the Great Recession of 2008.



In contrast, ART ridership has experienced a steady increase in demand during the same economic recovery period. Interestingly, ART enjoys an inverse relationship to a growing economy as compared to traditional public transit. As the economy improves, more families have the ability to visit the destinations ART serves - resorts, theme parks, major sports venues, etc. And because parking is often limited or increasingly expensive at these attractions, the direct, cost conscience service offered by ART is increasingly the preferred transportation solution for visitors and residents alike. Even though transit ridership shows a decreasing trend, nationwide, Anaheim's local economy continues to experience growth, thus expanding its job market, which in turn is the sources for the increase in ART ridership.

A second unique characteristic of ART compared to traditional public transit bus service is that ART riders have a very low rate of *transit dependency*. Transit dependent riders do not own or have limited access to private automobiles; as such, their mobility is dependent on the availability of public transportation. For transit dependent individuals, public transportation provides an essential mobility benefit; however, it should be understood that mobility and air quality are at times conflicted – there can be no air quality benefit assigned to transit trips that do not eliminate the use of a higher polluting transportation mode. Whereas traditional public transit in southern California has an adult ridership transit dependency on the order of 40% or greater - meaning that 4 out of ten riders do not have regular access to a car – ART's adult transit dependency is on the order of 3% - 9%. ART riders typically either own a car or, if visitors, can afford to rent a car while vacationing in the Anaheim Resort. Although they have access to an automobile, for convenience a growing number of Anaheim residents and visitors are choosing ART to get them to and from their destinations.

How many automobile trips does ART eliminate and/or reduces vehicle miles traveled? According to the ART demographic study, approximately 65% of 9.5 million annual ART riders are adults. Approximately 94% have access to a car – either as an Anaheim resident or visitor to the destination with the means to access a rental car, but due to the design characteristics of ART service, with focus on passenger needs, frequency, convenience and affordability, ART patrons choose to use ART instead of their personal automobile.

The ART ridership demographic analysis further breaks down ridership into “parties”, i.e., individual riders, families with children, or groups of adult riders. The availability of ART transportation services eliminates and/or reduces vehicle miles traveled from over **3.7 million** automobile trips from Anaheim roadways each year. These trips account for over **26 million** annual automobile miles *not driven* in the City of Anaheim.

ART's impact on reducing Anaheim's carbon footprint is significant. The trips and automobile miles that were avoided reduced Anaheim's GHG emissions – according to ARB's EMFAC 2014 emissions model – by over 9,427 metric tons. This is partially offset by the GHG emissions generated by ART's fleet of low carbon



fuel buses; however, the net GHG reduction that can be attributed to ART is over 7,325 metric tons, or over 16 million pounds of GHG emissions avoided annually.

In addition to direct reductions in GHG emission, the amount of gasoline that is displaced – not burned – is over 807,000 gallons annual.

It is important to note that ART also serves the Anaheim Regional Transportation Intermodal Center, or ARTIC. In this way, ART provides essential connectivity between other forms of public transit, including Metrolink and Amtrak rail service as well as the Orange County Transportation Authority's regional bus service. This connectivity to other forms of public transit allows riders to use whatever form is most convenient and then use ART to provide "last mile" connectivity to their Anaheim destination. This not only serves tourists but also the significant number of riders who are employed by Anaheim attractions. First mile/last mile connectivity is an essential element for public transit agencies that want to attract non-transit dependent rider. As such, ART supports the other transit agencies by making their traditional transit and rail services a more attractive mode as riders can depend on ART to get them to their ultimate destination.

"ART provides a direct benefit in reducing Anaheim's carbon footprint, eliminating over 16 million pounds of CO₂ based GHG emissions each year".

Reduction in Local Traffic Congestion – In addition to the direct benefits of reduced GHG emissions and gasoline fuel consumption, ART provides other transportation-related benefits to the City of Anaheim, specifically as it pertains to traffic congestion.

Los Angeles-Long Beach-Anaheim, CA

- Annual hours lost per commuter: 80
- Total annual hours of delay: 622.5 million
- Annual cost per commuter: \$1,711
- Total congestion cost: \$13.3 billion

The 2015 Urban Mobility Scorecard¹, a report released jointly by the Texas A&M Transportation Institute, and Inrix, a traffic data collection company, identified the Los Angeles – Long Beach - Anaheim urban area as having the second worst traffic congestion in the nation – a close second behind the Washington DC region. Half of the 20 worst roads for traffic in the country are located here, and this three-city region has the distinction of having the nation's longest rush hour – nearly eight (8) hours on a typical day.

Imagine Anaheim's traffic congestion would be with an additional 10,000 cars each day, especially considering that 10,000 vehicles - lined end-to-end - represents *a line of traffic 32 miles long*. The availability of ART service further indicates that regional growth can be sustained through managed mobility needs. With the projected increase of visitor attendance by 20,000 and employment growth of

¹ <https://static.tti.tamu.edu/tti.tamu.edu/documents/ums/congestion-data/los-angeles.pdf>



6,000 jobs by year 2019, a unique partnership between the City of Anaheim planning efforts and long-term environmental impacts of the Specific Plan Mitigation Monitoring Program and ART system, ensure that Anaheim, as a major destination city, can continue to develop as a robust, major destination, employment center and an epicenter of tourism and hospitality industry for the State of California.



Appendix 2

ART Stops Inventory

2022 ATN Bus Stop Inventory									
Stop ID	Rider Facing Stop Name	Address	Properties Served	Served by	Stop Type	Amenities	Digital Sign(s)	Static Sign(s)	Pole Type
126	1280 Yard	1280 South Anaheim Blvd, Anaheim, CA, 92805	NOT IN SERVICE, Training	Bus Depot	Depot	No Amenities			
125	1354 Yard	1354 South Anaheim Blvd, Anaheim, CA, 92805	NOT IN SERVICE, Training	Bus Depot	Depot	No Amenities			
3006	Anaheim Blvd. NB @ Ball Rd.	1120 S Anaheim, Anaheim, CA 92805	Walmart Neighborhood Market	ART On-Demand	Curbside	No Amenities		Standard Cassette 4"x17"	City Light Pole
2033	Anaheim Blvd. NB @ Katella Ave.	101 E Katella Ave, Anaheim 92802	Cambria Hotel & Suites Anaheim, Starbucks, The Habit, Yogurtland, California Fish Grill, Jersey Mike's, Ono Hawaiian BBQ, Luna Grill, AT&T	ART On-Demand	City Bus Stop	Benches,Shelter	Sunrise LED	3-Sided Standard Cassette 4"x17"	Resort Pole
3010	Anaheim Blvd. NB @ Oak St.	200 S Anaheim Blvd, Anaheim, CA 92805	Anaheim City Hall	Canyone Line - 17	City Bus Stop	Benches,Shelter		Standard Cassette 4"x17"	Square Post
3007	Anaheim Blvd. NB @ Santa Ana St.	440 S Anaheim Blvd, Anaheim, CA 92805	Anaheim Packing District	ART On-Demand	City Bus Stop	No Amenities	Waysine	Standard Cassette 4"x17"	Square Post
5006	Anaheim Blvd. NB @ Vermont Ave.	887 S Anaheim Blvd, Anaheim, CA 92805	Anaheim White House	ART On-Demand	City Bus Stop	Benches		Standard Cassette 4"x17"	Square Post
3022	Anaheim Blvd. SB @ Anaheim Way	1601 S Anaheim Blvd, Anaheim, CA 92805	Radisson Blu Anaheim	Hotel Circle Line - 06,ART On-Demand	Porte Co-Chère	No Amenities			NO POLE
3013	Anaheim Blvd. SB @ Katella Ave.	1745 S Anaheim Blvd, Anaheim, CA 92805	Peacock Suites, Candlewood Suites Anaheim Resort Area	Hotel Circle Line - 06,ART On-Demand	Curbside	Benches	Waysine	Standard Cassette 4"x17"	Light Pole
2014	Anaheim Blvd. SB @ Oak St.	201 S Anaheim Blvd, Anaheim CA 92805	Anaheim City Hall IB	Canyone Line - 17	Curbside	Benches,Shelter		Standard Cassette 4"x17"	Square Post
4012	Anaheim Canyon Metrolink Station	1039 N PacifiCenter Dr, Anaheim, CA 92806	Anaheim Canyon Metrolink Station	Canyone Line - 17	City Bus Stop	No Amenities		Standard Cassette 4"x17"	Square Post
2008	Anaheim Convention Center Grand Plaza	777 Convention Way, Anaheim, CA 92802	Hilton Anaheim, Convention Cntr	Grand Plaza Line - 04	Curbside	Benches,TVM			Resort Pole
2039	Anaheim Convention Center Grand Plaza	700 Convention Way, Anaheim, CA 92802	Anaheim Marriott, Convention Cntr	Grand Plaza Line - 04	Curbside	Benches,TVM			Resort Pole
6000	ARTIC Bay 12 and 13	2626 E Katella Ave, Anaheim, CA 92806	ARTIC (Anaheim Regional Transportation Intermodal Center), Honda Center, JT Schmidt, Ayres Inn Anaheim, Angel Stadium	ARTIC Sports Complex Line - 15	Transportation Center	Benches,Shelter			NO POLE
80	ARTIC Bay 8	2626 E Katella Ave, Anaheim, CA 92806	ARTIC (Anaheim Regional Transportation Intermodal Center)	ARTIC Sports Complex Line - 15X	Transportation Center	Benches,Shelter	Pending Sunrise LED		NO POLE
4004	Ball Rd. EB @ Cast Place	700 W Ball Rd, Anaheim, CA 92802	Team Disney Administration Building	Ball Road Line - 11,ART On-Demand	City Bus Stop	Benches,Shelter		Standard Cassette 4"x17"	Resort Pole
4002	Ball Rd. EB @ Harbor Blvd.	426 W Ball Rd, Anaheim, CA 92805	America Best Value Astoria Inn	ART On-Demand,Hotel Circle Line - 06	City Bus Stop	No Amenities		Standard Cassette 4"x17"	Square Post
4003	Ball Rd. EB @ Walnut St.	1160 W Ball Rd, Anaheim, CA 92802	Springhill Suites Anaheim Maingate, Anaheim Post Office	Ball Road Line - 11,ART On-Demand	City Bus Stop	Benches	Sunrise LED	Standard Cassette 4"x17"	Resort Pole
4006	Ball Rd. EB @ West Pl.	1050 W Ball Rd, Anaheim, CA 92802	Staybridge Suites Anaheim at the Park	Ball Road Line - 11,ART On-Demand	City Bus Stop	Benches	Sunrise LED	3-Sided Standard Cassette 4"x17"	Resort Pole
127	Ball Road Lot	200 E Ball Road, Anaheim, CA 92805	NOT IN SERVICE, Training	Bus Depot	Depot	No Amenities			
2016	Beach Blvd. SB @ El Capitan Way	7711 Beach Blvd, Buena Park, CA 90620	Medieval Times Dinner & Tournament, Pirates Dinner Adventure, Radisson Suites Hotel Anaheim Buena Park, Rock & Brews	ART On-Demand	City Bus Stop	No Amenities		Standard Cassette 4"x17"	Square Post
5020	Betmor Ln. SB @ Mason Ln.	915 E Katella Ave, Anaheim, CA 92805	Chapman Grand	ARTIC Sports Complex Line - 15	Curbside	No Amenities			Resort Pole
3019	Broadway WB @ Clementine St.	333 W Broadway, Anaheim, CA 92805	United States Postal Service	ART On-Demand	Curbside	No Amenities		Standard Cassette 4"x17"	
136	Broadway WB @ Lemon St.	181 W Broadway, Anaheim, CA 92805	CP4, GOOD FOOD, St. Joseph, Disney Travel	FRAN	Curbside	No Amenities		A-Frame	
137	Carnegie Plaza	234 S Lemon St, Anaheim, CA 92805	CP3, Ctr St, Anaheim West Tower, Muzeo	FRAN	Curbside	No Amenities		A-Frame	
5005	Center Street Promenade WB @ Lemon St.	200 W Center Street Promenade, Anaheim, CA 92805	Center Street Promenade, Good Food, St. Joseph, Walt Disney Travel(Add more stops)	FRAN,ART On-Demand	Curbside	FRAN Stop #2		Standard Cassette 4"x17"	Light Pole
154	Central Library	500 W Broadway, Anaheim, CA 92805	Central Library	FRAN	Parking Lot	No Amenities		A-Frame	
4016	Chapman Ave. WB @ City Dr.	200 N The City Dr, Orange, CA 92868	ALO Hotel by Ayres	ART On-Demand	City Bus Stop	Benches,Porte Co-Chère		Standard Cassette 4"x17"	Square Post

2022 ATN Bus Stop Inventory

Stop ID	Rider Facing Stop Name	Address	Properties Served	Served by	Stop Type	Amenities	Digital Sign(s)	Static Sign(s)	Pole Type
151	Citrus Park	104 N Atchison Street, Anaheim, CA 92805	Citrus Park	FRAN	Curbside	No Amenities		A-Frame	
134	City Blvd. W. @ Doubletree Way	100 The City Drive, Orange, CA, 92868	DoubleTree by Hilton Hotel Anaheim Orange County	ART On-Demand	Porte Co-Chère	Benches,Porte Co-Chère		Standard Cassette 4"x17"	ART Pedestal
139	City Hall	200 S Anaheim Blvd, Anaheim, CA 92805	City Hall, CP1, River Arena	FRAN	Curbside	No Amenities		A-Frame	
2021	Clementine St. NB @ 1700 S. Clementine St.	1700 S Clementine St, Anaheim, CA 92802	Clementine Hotel & Suites Anaheim	Clementine Line - 07,ART On-Demand	Curbside	Benches		Standard Cassette 4"x17"	ART Pedestal
2020	Clementine St. NB @ 1752 Clementine St.	1752 Clementine St, Anaheim, CA 92802	La Quinta Inn & Suites Anaheim, Extended Stay America - Orange County - Anaheim Convention Center	Hotel Circle Line - 06,ART On-Demand	Curbside	No Amenities		Standard Cassette 4"x17"	ART Pedestal
6024	Clementine St. NB @ Alro Way	1640 S Clementine St, Anaheim, CA 92802	Element Hotel, SunCoast Park Hotel Anaheim	Clementine Line - 07,ART On-Demand	Curbside	No Amenities		Standard Cassette 4"x17"	ART Pedestal
153	Colony Park	501 E Water Street, Anaheim, CA 92805	Colony Park	FRAN	Curbside	Benches		A-Frame	
2007	Convention Way EB @ Harbor Blvd.	616 Convention Way, Anaheim, CA 92802	Anaheim Convention Center, Clarion Hotel Anaheim Resort, Cortona Inn and Suites Anaheim Resort, Courtyard by Marriott Anaheim Resort/Convention Center, Hyatt Place at Anaheim Resort, Morton's The Steakhouse, Sheraton Park Hotel at the Anaheim Resort	Grand Plaza Line - 04	Curbside	Benches,Shelter,TVM		Standard Cassette 4"x17"	Resort Pole
2037	Disney Way EB @ Harbor Blvd.	1700 S Harbor Blvd, Anaheim, CA 92802	The Anaheim hotel	ART On-Demand	Curbside	No Amenities			Square Post
1	Disneyland Main Transportation Center - 01	1313 S Harbor Blvd, Anaheim, CA 92802	Disneyland® Resort	ART On-Demand	Transportation Center	Benches	Pending Sunrise LED		DMTC Light Pole
3	Disneyland Main Transportation Center - 03	1313 S Harbor Blvd, Anaheim, CA 92802	Disneyland® Resort		Transportation Center	Benches,Shelter	Pending Sunrise LED		DMTC Light Pole
4	Disneyland Main Transportation Center - 04	1313 S Harbor Blvd, Anaheim, CA 92802	Disneyland® Resort	Grand Plaza Line - 04	Transportation Center	Benches	Pending Sunrise LED		DMTC Light Pole
5	Disneyland Main Transportation Center - 05	1313 S Harbor Blvd, Anaheim, CA 92802	Disneyland® Resort	Grand Plaza Line - 04	Transportation Center	Benches	Pending Sunrise LED		DMTC Light Pole
6	Disneyland Main Transportation Center - 06	1313 S Harbor Blvd, Anaheim, CA 92802	Disneyland® Resort	Hotel Circle Line - 06	Transportation Center	Benches	Pending Sunrise LED		DMTC Light Pole
7	Disneyland Main Transportation Center - 07	1313 S Harbor Blvd, Anaheim, CA 92802	Disneyland® Resort	Clementine Line - 07	Transportation Center	Benches,Shelter	Pending Sunrise LED		DMTC Light Pole
8	Disneyland Main Transportation Center - 08	1313 S Harbor Blvd, Anaheim, CA 92802	Disneyland® Resort	Disney Way Line - 08	Transportation Center	Benches,Shelter	Pending Sunrise LED		DMTC Light Pole
11	Disneyland Main Transportation Center - 11	1313 S Harbor Blvd, Anaheim, CA 92802	Disneyland® Resort	Ball Road Line - 11	Transportation Center	Benches,Shelter	Pending Sunrise LED		DMTC Light Pole
15	Disneyland Main Transportation Center - 15	1313 S Harbor Blvd, Anaheim, CA 92802	Disneyland® Resort	ARTIC Sports Complex Line - 15	Transportation Center	Benches	Pending Sunrise LED		DMTC Light Pole
17	Disneyland Main Transportation Center - 17	1313 S Harbor Blvd, Anaheim, CA 92802	Disneyland® Resort	Canyone Line - 17	Transportation Center	Benches	Pending Sunrise LED		DMTC Light Pole
165	Downtown Anaheim Community Center	250 E Center St, Anaheim, CA, USA	Anaheim Community Center	Senior Wheels	Curbside	No Amenities			
147	Dupont Dr. SB @ Orangewood Ave.	2207-2261 E Orangewood Ave, Anaheim, CA 92806	Golden Road Brewing Anaheim, Karl Strauss Brewing	ART On-Demand	Curbside	No Amenities		Not yet available (under construction)	
152	Founder's Park	400 N West Street, Anaheim, CA 92801	Anaheim Founder's Park	FRAN	Curbside	No Amenities		A-Frame	
5019	Frontera St. EB @ 3100 E. Frontera St.	3100 E Frontera St, Anaheim, CA 92806	Embassy Suites by Hilton Anaheim North	ART On-Demand	Porte Co-Chère	Benches,Porte Co-Chère		Pedestal	ART Pedestal
2025	Garden Grove Blvd. WB @ Sungrove St.	12867 Garden Grove Blvd, Garden Grove, CA 92843	Holiday Inn Express & Suites	ART On-Demand	Porte Co-Chère	Benches,Shelter		Standard Cassette 4"x17"	ART Pedestal
2031	Gardenwalk Transportation Center	1775 S Clementine St, Anaheim, CA 92802	Anaheim Gardenwalk	Disney Way Line - 08,ART On-Demand	Transportation Center	Benches,Shelter	Sunrise LED		Pillar
2000	Grand Ave. SB @ Crescent Ave.	8039 Beach Blvd, Buena Park, CA 92620	Knott's Berry Farm, Knott Soak City	ART On-Demand	Curbside	No Amenities		Standard Cassette 4"x17"	ART Pedestal

2022 ATN Bus Stop Inventory

Stop ID	Rider Facing Stop Name	Address	Properties Served	Served by	Stop Type	Amenities	Digital Sign(s)	Static Sign(s)	Pole Type
6032	Harbor Blvd SB @ 12221 Harbor Blvd.	12221 Harbor Blvd, Garden Grove, CA 92840	Sheraton Garden Grove	Grove District	Parking Lot				
3005	Harbor Blvd. NB @ 1850 S. Harbor Blvd.	1850 S Harbor Blvd, Anaheim, CA 92802	Hotel Lulu Anaheim Resort, IHOP	Grand Plaza Line - 04	Curbside	No Amenities		Standard Cassette 4"x17"	Resort Pole
3004	Harbor Blvd. NB @ Convention Way	1900 S Harbor Blvd, Anaheim, CA 92802	Anaheim Convention Center, Clarion Hotel Anaheim Resort, Cortona Inn and Suites Anaheim Resort, Courtyard by Marriott Anaheim Resort/Convention Center, Hyatt Place at Anaheim Resort, Morton's The Steakhouse, Sheraton Park Hotel at the Anaheim Resort	Grove District,Harbor Line - 01	City Bus Stop	Benches,Shelter	LCD TV	Standard Cassette 4"x17"	Resort Pole
3012	Harbor Blvd. NB @ Disney Way	1650 S Harbor Blvd, Anaheim, CA 92802	Grand Legacy At The Park/The Fifth, Discount Tickets & Tours, Pizzaterian, Bobatopia, Alpha Gift Mart, Jimbo's Tacos	ART On-Demand	Curbside	No Amenities		Standard Cassette 4"x17"	NO POLE
3009	Harbor Blvd. NB @ Katella Ave.	1770 S Harbor Blvd, Anaheim, CA 92802	Castle Inn & Suites	Grand Plaza Line - 04	City Bus Stop	Benches,Shelter	LCD TV		Resort Pole
3003	Harbor Blvd. NB @ Orangewood Ave.	2040 S Harbor Blvd, Anaheim, CA 92802	Best Western Plus Raffles Inn & Suites, Dolphins Cove Resort, Homewood Suites by Hilton Anaheim Resort/Convention Center, Roscoes Chicken & Waffles	Grove District,Harbor Line - 01	City Bus Stop	Benches,Shelter		Standard Cassette 4"x17"	Resort Pole
4010	Harbor Blvd. NB @ Santa Ana St.	420 S Harbor Blvd, Anaheim, CA 92805	Anaheim Police Department	Canyone Line - 17	City Bus Stop	Benches		Standard Cassette 4"x17"	Square Post
4005	Harbor Blvd. SB @ 1221 S. Harbor Blvd.	1221 S Harbor Blvd, Anaheim, CA 92805	Four Points by Sharaton Anaheim, Tru Grits American Fusion	Ball Road Line - 11,ART On-Demand	Porte Co-Chère	Benches	Sunrise LED	Standard Cassette 4"x17"	ART Pedestal
2006	Harbor Blvd. SB @ 1855 S. Harbor Blvd.	1855 S Harbor Blvd, Anaheim, CA 92802	Sheraton Park Hotel at the Anaheim Resort, Morton's The Steakhouse, Park 55 Café, Savor at 1855	Grand Plaza Line - 04	Porte Co-Chère	Benches,Shelter	Sunrise LED	Standard Cassette 4"x17"	ART Pedestal
2036	Harbor Blvd. SB @ 2141 S. Harbor Blvd.	2141 S Harbor Blvd, Anaheim, CA 92802	Capri Suites Anaheim	Harbor Line - 01	Curbside	No Amenities			City Light Pole
2013	Harbor Blvd. SB @ Ball Rd.	1009 S Harbor Blvd, Anaheim, CA 92805	Anaheim Harbor RV Park, Shakey's Pizza Parlor	ART On-Demand	City Bus Stop	Benches,Shelter		Standard Cassette 4"x17"	Resort Pole
2015	Harbor Blvd. SB @ Broadway	301-399 S Harbor Blvd, Anaheim, CA 92805	Anaheim Police Department	Canyone Line - 17	City Bus Stop	Benches,Shelter		Standard Cassette 4"x17"	Light Pole
6012	Harbor Blvd. SB @ Chapman Ave.	11931 Harbor Blvd, Garden Grove, CA 92840	Residence Inn Garden Grove	Grove District	Curbside	Shelter,Benches		A-Frame	
2002	Harbor Blvd. SB @ Convention Way	616 Convention Way, Anaheim, CA 92802	Cortona Inn and Suites, Courtyard by Marriott Anaheim Resort/Convention Center, Hyatt Place, Morton's The Steakhouse	ART On-Demand	City Bus Stop	Benches,Shelter	Sunrise LED	3-Sided Large Cassette 6"x19"	Resort Pole
2001	Harbor Blvd. SB @ Katella Ave.	1831 S Harbor Blvd, Anaheim, CA 92802	Portofino Inn & Suites, Convention Center Arena, CVS, SpringHill Suites Anaheim Resort Area/Convention Center, The Coffee Bean & Tea Leaf, Residence Inn Anaheim	Grand Plaza Line - 04	City Bus Stop	Benches,Shelter	LCD TV	Standard Cassette 4"x17"	ART Pedestal
2003	Harbor Blvd. SB @ Orangewood Ave.	2085 S Harbor Blvd, Anaheim, CA 92802	DoubleTree Suites by Hilton Hotel Anaheim Resort - Convention Center, Ruth's Chris Steak House	Harbor Line - 01	Curbside	No Amenities	Waysine	Standard Cassette 4"x17"	Resort Pole
2005	Harbor Blvd. SB @ Resort Way	12007 Harbor Blvd, Anaheim, CA 92840	Garden Grove Entertainment District	ART On-Demand	City Bus Stop	Benches,Shelter		Standard Cassette 4"x17"	Square Post
2012	Harbor Blvd. SB @ Vermont Ave.	921 S Harbor Blvd, Anaheim, CA 92805	Ramada by Wyndham Anaheim Maingate North, Carolina's Italian	ART On-Demand	City Bus Stop	Benches,Shelter,TVM	Sunrise LED	Standard Cassette 4"x17"	Resort Pole
2004	Harbor Blvd. SB @ Wilken Way	2171 S Harbor Blvd, Anaheim, CA 92802	Stanford Inn & Suites	Harbor Line - 01	Curbside	Benches,Porte Co-Chère	Waysine	Standard Cassette 4"x17"	ART Pedestal
146	Haster St. SB @ Katella Ave.	100 W Katella Ave, Anaheim, CA 92802	Hampton Inn & Suites by Hilton	ART On-Demand	City Bus Stop	Benches,Shelter		Standard Cassette 4"x17"	Resort Pole
6019	Hotels EB @ Harbor Blvd.	11767 S Harbor Blvd, Garden Grove, CA 92840	Embassy Suites by Hilton Anaheim South, Hilton Garden Inn Anaheim/Garden Grove	Harbor Line - 01	Curbside	Benches,Shelter		A-Frame	

2022 ATN Bus Stop Inventory									
Stop ID	Rider Facing Stop Name	Address	Properties Served	Served by	Stop Type	Amenities	Digital Sign(s)	Static Sign(s)	Pole Type
2034	Katella Ave. EB @ Clementine St.	100 W Katella Ave, Anaheim, CA 92802	Hampton Inn & Suites by Hilton Anaheim Resort	ART On-Demand	City Bus Stop	Benches,Shelter		Standard Cassette 4"x17"	
5004	Katella Ave. EB @ Convention Center	800 W Katella Ave, Anaheim, CA 92802	Anaheim Convention Center Arena	ART On-Demand	City Bus Stop	Benches,Shelter	Sunrise LED	Standard Cassette 4"x17"	Resort Pole
2024	Katella Ave. EB @ Douglass Rd.	2550 E Katella Ave, Anaheim, CA 92806	Ayres Hotel Anaheim, JT Schmid's, Honda Center, Angel Stadium, ARTIC (Anaheim Regional Transportation Intermodal Center)	ARTIC Sports Complex Line - 15	Porte Co-Chère	Benches,Porte Co-Chère		Standard Cassette 4"x17"	ART Pedestal
2019	Katella Ave. EB @ Harbor Blvd.	424 W Katella Ave, Anaheim, CA 92802	Hyatt House, Anaheim Islander Inn and Suites	Clementine Line - 07	Curbside	Benches,Shelter		Standard Cassette 4"x17"	ART Pedestal
2035	Katella Ave. EB @ West St.	1030 W Katella Ave, Anaheim, CA 92802	Westin Anaheim Resort	ART On-Demand	City Bus Stop	Benches,Shelter			
5003	Katella Ave. EB @ West St.	1030 W Katella Ave, Anaheim, CA 92802	Tiffany's	ART On-Demand	City Bus Stop	Benches,Shelter	Pending LCD TV		Resort Pole
4014	Katella Ave. WB @ 515 W. Katella Ave.	515 W Katella Ave, Anaheim, CA 92802	Wyndham Garden Anaheim	ART On-Demand	Curbside	No Amenities	Waysine	3-Sided Standard Cassette 4"x17"	Resort Pole
2038	Katella Ave. WB @ Anaheim Blvd.	101 W Katella Ave, Anaheim, CA 92802	Alternative Peacock and Hampton Inn	ART On-Demand	City Bus Stop	Shelter,Benches			Resort Pole
3015	Katella Ave. WB @ Clementine Ave.	321 W Katella Ave, Anaheim, CA 92802	Anaheim GardenWalk-Cheesecake Factory, California Pizza Kitchen, P.F. Chang's	ARTIC Sports Complex Line - 15,Disney Way Line - 08	City Bus Stop	Benches,Shelter	LCD TV	3-Sided Standard Cassette 4"x17"	Resort Pole
148	Katella Ave. WB @ Convention Center	800 W Katella Ave, Anaheim, CA 92802	Convention Center Arena	Ball Road Line - 11	Porte Co-Chère	Benches,Shelter		Standard Cassette 4"x17"	Resort Pole
4001	Katella Ave. WB @ Harbor Blvd.	631 W Katella Ave, Anaheim, CA 92802	Desert Palms Hotel & Suites, Oasis	Ball Road Line - 11	City Bus Stop	Shelter	Sunrise LED	Standard Cassette 4"x17"	Resort Pole
5018	Katella Ave. WB @ State College Blvd.	2005 E Katella Ave, Anaheim, CA 92806	Platinum Triangle	ART On-Demand	City Bus Stop	Benches,Shelter		Standard Cassette 4"x17"	Light Pole
4011	La Palma Ave. EB @ Grove St.	3460 E La Palma Ave, Anaheim, CA 92806	Kaiser Permanente Medical Center	Canyone Line - 17	City Bus Stop	No Amenities		Standard Cassette 4"x17"	Square Post
4018	La Palma Ave. EB @ Shepard St.	3320 E La Palma Ave, Anaheim, CA 92806	Orange County Social Services	Canyone Line - 17	City Bus Stop	Benches,Shelter		Standard Cassette 4"x17"	Square Post
5012	La Palma Ave. EB @ State College Blvd.	2000 E La Palma Ave, Anaheim, CA 92806	La Palma-State College	Canyone Line - 17	City Bus Stop	Benches,Shelter		Standard Cassette 4"x17"	Square Post
4007	La Palma Ave. WB @ Fountain Way	3460 E La Palma Ave, Anaheim, CA 92806	Kaiser Permanente Medical Center	Canyone Line - 17	City Bus Stop	No Amenities		Standard Cassette 4"x17"	Square Post
4022	La Palma Ave. WB @ Miller St.	3400 E La Palma Ave, Anaheim, CA 92806	Styles for Less Corporate Offices	Canyone Line - 17	City Bus Stop	Benches		Standard Cassette 4"x17"	Square Post
4021	La Palma Ave. WB @ Ocean Cir.	3375 E La Palma Ave, Anaheim, CA 92806	Styles for Less Corporate Offices	Canyone Line - 17	City Bus Stop	Benches		Standard Cassette 4"x17"	Square Post
4019	La Palma Ave. WB @ Shepard St.	3521 E La Palma Ave, Anaheim, CA 92806	Orange County Social Services	Canyone Line - 17	Curbside	No Amenities		Standard Cassette 4"x17"	NO POLE
4008	La Palma Ave. WB @ State College Blvd.	1001 N State College Blvd, Anaheim, CA 92806	State College & La Palma	Canyone Line - 17	City Bus Stop	Benches		Standard Cassette 4"x17"	Not yet available (under construction)
144	Leisuretown	549 S Anaheim Blvd, Anaheim, CA 92805	Leisuretown, Tony's Deli	FRAN	Curbside	No Amenities		A-Frame	
143	MAKE	500 S Anaheim Blvd, Anaheim, CA 92805	MAKE, Unsung Brewing Company, Jav's Bar-B-Q	FRAN	Curbside	No Amenities		A-Frame	
5016	Manchester Ave. EB @ Harbor Blvd.	1420 S Harbor Blvd, Anaheim, CA 92802	Courtyard by Marriott Anaheim Theme Park Entrance, Holiday Inn Express	Disney Way Line - 08	Curbside	No Amenities		Standard Cassette 4"x17"	Resort Pole
3023	Manchester Ave. SB @ 1441 Manchester Ave.	1441 S Manchester Ave, Anaheim, CA 92802	Home2 Suites, Hilton Garden Inn	ART On-Demand	Curbside	No Amenities			NO POLE
2010	Manchester Ave. SB @ 1915 S. Manchester Ave.	1915 S Manchester Ave, Anaheim, CA 92802	Sonesta Anaheim Resort Area	ART On-Demand	Porte Co-Chère	Benches,Shelter,TVM	Sunrise LED		
3011	Manchester Ave. WB @ Harbor Blvd.	1380 S Harbor Blvd, Anaheim, CA 92802	Howard Johnson Anaheim Hotel and Water Playground	Clementine Line - 07	City Bus Stop	Benches		Standard Cassette 4"x17"	Resort Pole
142	Packing House	440 S Anaheim Blvd, Anaheim, CA 92805	Anaheim Packing District	FRAN	Curbside	No Amenities		A-Frame	
149	Pearson Park	401 N Lemon Street, Anaheim, CA 92805	Pearson Park, Amphitheater	FRAN	Curbside	Benches		A-Frame	

2022 ATN Bus Stop Inventory

Stop ID	Rider Facing Stop Name	Address	Properties Served	Served by	Stop Type	Amenities	Digital Sign(s)	Static Sign(s)	Pole Type
6018	Resort Way EB @ Harbor Blvd	12021 S Harbor Blvd, Garden Grove, CA 92840	Delta Hotels by Marriott Anaheim Garden Grove, Homewood Suites by Hilton Anaheim	Grove District	Curbside	Benches,Shelter		A-Frame	
163	Shopping Center	135 S Anaheim Blvd, Anaheim, CA 92805	N/B Anaheim Boulevard & Vons Shopping Center - Neighborhoods	FRAN	Curbside	No Amenities		A-Frame	
6033	State College Blvd Sb @ Gene Autry		Jefferson Park	ART On-Demand	City Bus Stop				
4020	State College Blvd. NB @ 1730 S. State College Blvd.	1730 S State College Blvd, Anaheim, CA 92806	Towneplace Suites by Marriott Anaheim Maingate Near Angel Stadium, Denny's, Carl's Jr., Fresca's Mexican Grill, Panda Express, TOGO's Sandwiches, Baskin-Robbins, Starbucks	ARTIC Sports Complex Line - 15	Curbside	No Amenities		Standard Cassette 4"x17"	ART Pedestal
5017	State College Blvd. SB @ Orange Center Dr.	400 N State College Blvd, Orange, CA 92868	Embassy Suites by Hilton Anaheim Orange	ART On-Demand	City Bus Stop	No Amenities		Standard Cassette 4"x17"	Square Post
138	The Kraemer Building	235 E Center St, Anaheim, CA 92805	Kraemer Building, CP2, Community Center	FRAN	Curbside	No Amenities		A-Frame	
135	The LOVE Circle	399-351 W Center Street Promenade, Anaheim, CA 92805	BARN, CP7, Anaheim ICE, Harbor Lofts, RARE...	FRAN	Curbside	No Amenities		A-Frame	
2022	The Outlets at Orange	20 City Blvd, Orange, CA 92868	The Outlets at Orange	ART On-Demand	Curbside	No Amenities		Standard Cassette 4"x17"	Square Post
141	The Packing District @ Farmer's Park	338 S Anaheim Blvd, Anaheim, CA 92805	Packard Building, Farmer's Park, Greenhouse...	FRAN	Curbside	No Amenities		A-Frame	
4009	Vermont Ave WB @ Olive St.	495 E Vermont Ave, Anaheim, CA 92805	L3 Interstate Electronics	Canyone Line - 17	Curbside	No Amenities		Standard Cassette 4"x17"	Square Post
5011	Vermont Ave. EB @ Melrose St.	955 S Melrose St, Anaheim, CA 92805	L3 Interstate Electronics	Canyone Line - 17	Curbside	No Amenities		Standard Cassette 4"x17"	Square Post
3008	Walnut Ave. NB @ 1240 S. Walnut Ave.	1240 S Walnut Ave, Anaheim, CA 92802	Holiday Inn Hotel & Suites	Ball Road Line - 11	Curbside	Benches,Shelter	Waysine		ART Pedestal
3021	Walnut St. NB @ Katella Ave.	S Walnut St., Anaheim, CA 92802	Best Western Plus Pavilions	Ball Road Line - 11,ART On-Demand	City Bus Stop	Benches			Light Pole
150	Washington Park	247 N Philadelphia Street, Anaheim, CA 92805	Washington Park	FRAN	Curbside	No Amenities		A-Frame	
3016	Zeyn St. NB @ Disney Way	100 Disney Way, Anaheim, CA 92802	Motel 6 Anaheim Maingate	Hotel Circle Line - 06	Curbside	No Amenities		Standard Cassette 4"x17"	Light Pole
3014	Zeyn St. SB @ Katella Ave.	201 W Katella Ave, Anaheim, CA 92802	WorldMark Anaheim	Clementine Line - 07	Curbside	Benches		Standard Cassette 4"x17"	Resort Pole



Appendix 3

ATN Audited Financial Statements

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021**

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
 CONSOLIDATED FINANCIAL STATEMENTS:	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8
 CONSOLIDATED SUPPLEMENTARY INFORMATION:	
Schedule I – Consolidated Statement of Anaheim Resort Transportation (ART), Grant, and Program Revenues and Membership Dues For the Year Ended June 30, 2021	18
Schedule II – Consolidated Statement of Other Income For the Year Ended June 30, 2021	19

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Anaheim Transportation Network
Anaheim, California

We have audited the accompanying consolidated financial statements of Anaheim Transportation Network and its wholly owned subsidiary, ATN Asset Holding Company, LLC, (collectively referred to as the "Organization") which comprise the consolidated statement of financial position as of June 30, 2021; the related consolidated statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2021, and the consolidated changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously audited the consolidated financial statements of the Organization as of June 30, 2020, and we expressed an unmodified opinion on those consolidated financial statements in our report dated October 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Consolidated Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 October 29, 2021, on our consideration of the Organization's 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 the Organization's 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 the Organization's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 29, 2021

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

ASSETS	2021	2020
Assets		
Cash and cash equivalents	\$ 5,161,542	\$ 274,978
Investments	-	701,762
Accounts receivable	15,253,910	4,136,418
Fuel credit receivable	61,758	281,387
Prepaid expenses	41,620	20,441
Inventory	128,755	217,295
Deposits	99,493	-
	<hr/>	<hr/>
Total current assets	20,747,078	5,632,281
	<hr/>	<hr/>
Property and equipment, net	24,083,858	8,730,576
	<hr/>	<hr/>
TOTAL ASSETS	\$ 44,830,936	\$ 14,362,857
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 18,020,298	\$ 3,819,918
Credit card payable	37,316	141,435
Accrued and other liabilities	95,023	813,702
Unearned revenue	87,127	371,182
Notes payable, current portion	285,789	281,850
	<hr/>	<hr/>
Total current liabilities	18,525,553	5,428,087
	<hr/>	<hr/>
Notes payable, long-term portion	2,787,755	2,906,145
	<hr/>	<hr/>
Total long-term liabilities	2,787,755	2,906,145
	<hr/>	<hr/>
TOTAL LIABILITIES	21,313,308	8,334,232
	<hr/>	<hr/>
Net assets		
Without donor restrictions	23,517,628	6,028,625
	<hr/>	<hr/>
TOTAL NET ASSETS	23,517,628	6,028,625
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 44,830,936	\$ 14,362,857
	<hr/> <hr/>	<hr/> <hr/>

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	Without Donor Restrictions	
	2021	2020
REVENUES AND OTHER SUPPORT		
Anaheim Resort Transportation (ART) revenues	\$ 371,293	\$ 10,220,886
Grant revenues	24,256,223	6,413,737
Program revenues	60,735	80,843
Membership dues	59,883	57,081
Other income	139,577	106,005
	24,887,711	16,878,552
EXPENSES		
Program services		
Route 20 operating expenses	255,855	5,123,786
Grant expenses	853,046	1,138,345
Other program expenses	5,333,649	8,163,953
Supporting services		
General and administrative expenses	956,158	1,275,117
	7,398,708	15,701,201
CHANGE IN NET ASSETS	17,489,003	1,177,351
NET ASSETS, Beginning of Year	6,028,625	4,851,274
NET ASSETS, End of Year	\$ 23,517,628	\$ 6,028,625

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>Program Services</u>			<u>Supporting Services</u>	<u>2021</u>	<u>2020</u>
	<u>Route 20</u>	<u>Grant</u>	<u>Other Program</u>	<u>General and Administrative</u>		
Expenses:						
Transit service expenses	\$ 65,455	\$ -	\$ 722,384	\$ -	\$ 787,839	\$ 6,222,752
Transit service expenses - other	-	239,168	-	-	239,168	284,558
Automotive expenses	-	-	2,439	-	2,439	6,859
Repairs and maintenance	-	-	241,557	-	241,557	790,741
Fuel	-	-	92,413	-	92,413	1,339,790
Salaries and benefits	177,816	177,816	747,796	276,060	1,379,488	2,483,506
Payroll taxes	12,584	12,584	42,806	35,177	103,151	195,818
Local grants:						
Local formula grant	-	48,535	-	-	48,535	82,102
Insurance:						
Property	-	-	82,310	-	82,310	72,858
General	-	-	31,193	-	31,193	29,795
Pollution liability	-	-	-	-	-	16,455
Workers' compensation	-	-	99,716	-	99,716	160,794
Crime	-	-	2,701	-	2,701	2,573
Professional and legal services	-	232,213	278,358	399,080	909,651	829,121
Marketing	-	-	-	19,350	19,350	132,365
Website maintenance	-	-	-	6,006	6,006	34,603
Payroll processing fees	-	-	-	2,122	2,122	3,325
Participation usage credit	-	-	6,681	-	6,681	130,077
Kiosk merchant fees	-	-	3,606	-	3,606	140,416
ART transit passes	-	-	258	-	258	3,211
Rideshare transit passes	-	-	1,062	-	1,062	9,022
Telecommunication	-	-	140,539	-	140,539	156,150
Utilities	-	-	56,158	-	56,158	91,602
Facility rental	-	-	53,912	11,196	65,108	67,413
Furniture and equipment	-	-	116,454	-	116,454	117,229
Depreciation	-	-	2,333,526	-	2,333,526	1,128,886
Board meeting expenses	-	-	-	-	-	4,676
Meals and entertainment	-	-	1,654	-	1,654	5,738
General travel and promotion	-	-	-	2,937	2,937	56,789
Conference expenses	-	-	1,279	-	1,279	29,134
Professional development and training	-	-	619	-	619	3,041
Supplies	-	-	43,397	-	43,397	140,888
Postage expenses	-	-	4,630	-	4,630	4,092
Dues and subscriptions	-	-	35,635	-	35,635	53,602
Bank charges	-	-	-	8,833	8,833	10,199
Credit card fees	-	-	-	-	-	77,449
Interest	-	-	-	134,368	134,368	159,776
Taxes and licenses	-	-	149,647	969	150,616	58,645
Charitable giving	-	-	-	-	-	3,858
Miscellaneous	-	142,730	40,919	-	183,649	561,293
Loss on sale of asset	-	-	-	60,060	60,060	-
Total expenses	\$ 255,855	\$ 853,046	\$ 5,333,649	\$ 956,158	\$ 7,398,708	\$ 15,701,201

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 17,489,003	\$ 1,177,351
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,333,526	1,128,885
Loss on Sale of Property and Equipment	60,060	-
Change in assets and liabilities:		
Accounts receivable	(11,117,492)	(162,056)
Fuel credit receivable	219,629	184,572
Deposits	(99,493)	-
Prepaid expenses	(21,179)	59,703
Inventory	88,540	(25,880)
Accounts payable	14,200,380	108,547
Credit card payable	(104,119)	(345,311)
Accrued and other liabilities	(718,679)	497,134
Unearned revenue	(284,055)	335,627
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>22,046,121</u>	<u>2,958,572</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemptions (Purchases) of certificates of deposit	701,762	(8,355)
Purchases of property and equipment	(17,746,868)	(2,520,808)
NET CASH USED IN INVESTING ACTIVITIES	<u>(17,045,106)</u>	<u>(2,529,163)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes and loans payable	(114,451)	(244,908)
NET CASH USED IN FINANCING ACTIVITIES	<u>(114,451)</u>	<u>(244,908)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,886,564	184,501
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>274,978</u>	<u>90,477</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 5,161,542</u>	<u>\$ 274,978</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 134,368</u>	<u>\$ 159,776</u>
Cash paid for taxes	<u>\$ 150,616</u>	<u>\$ 58,645</u>

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – NATURE OF THE ORGANIZATION

The Anaheim Transportation Network (the Organization) was formed in September 1995, as a California non-profit organization, tax-exempt under Section 501(c)(4) of the Internal Revenue Code (IRC). The Organization provides transportation coordination services to businesses, employees, and visitors of the Anaheim resort area. The Organization's primary goal is to mitigate traffic and air quality problems and enhance transportation options by providing reliable and efficient, clean energy transportation solutions in the City of Anaheim (the City). The Organization receives its primary funding from fares, local membership assessments, and Subrecipient Funds through Federal Transportation programs. Members of the Board of Directors are elected by voting members made up of local businesses serviced by the Organization. In the event of the dissolution of the Organization, the remaining assets will be distributed to other non-profits.

ART Transportation Program

The City has designated the Organization its Municipal Transportation Operator. Working with the local business community, the City, and Orange County Transportation Authority (OCTA), the Organization created a high quality, clean fuel transportation system for the Anaheim Resort, Platinum Triangle, Center City, and other areas of interest. The Anaheim Resort Transportation (ART) fleet is composed of LNG, CNG, electric, and LPG vehicles. ART provides services to commuters, residents, and visitors to the City, allowing them to access the event centers, shopping, dining, and evening entertainment in the area. ART also operates a new, on demand, microtransit service utilizing slow speed electric neighborhood vehicles, known as FRAN (Free Rides Around the Neighborhood), in the Center City area. This service allows patrons to park in available parking facilities and take FRAN to local business establishments and civic uses.

General Membership Programs

The Organization has a membership program that provides a variety of services and benefits to members including, but not limited to, regulatory compliance assistance with Rule 2202 (Ridesharing Rule), legislative and regulatory tracking, and other transportation related services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Financial Presentation

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

The net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in carrying out the Organization's mission.
- *Net assets with donor restrictions* – Net assets to be held temporarily or in perpetuity as directed by donors. The income from the contributions is available to support activities of the Organization as designated by the donors. As of June 30, 2021, the Organization had no net assets with donor restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Principles of Consolidation

The consolidated financial statements include the accounts of Anaheim Transportation Network and its wholly owned subsidiary, ATN Asset Holding Company, LLC (collectively referred to as the "Organization"). All material intercompany accounts, transactions, and profits were eliminated in the consolidated financial statements.

C. Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash and cash equivalents in multiple financial institutions. Deposits held with these financial institutions may exceed the amount of insurance provided on such deposits. The balance is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Balances in excess of FDIC insurance amounted to \$5,134,980, as of June 30, 2021. Management does not believe that the Organization is subject to any unusual financial risk beyond the normal risk associated with commercial banking relationships. The Organization has not experienced any losses on its deposits of cash and cash equivalents.

D. Investments

Investments are comprised entirely of certificates of deposit and are stated at cost, adjusted for premiums and discounts, which approximates fair value, and are intended to be held until maturity. Interest income is accrued when earned.

E. Accounts Receivable

Accounts receivable are recorded at book value, net of the allowance for doubtful accounts. The Organization extends credit to its customers, substantially all of whom are businesses operating in the City. Collateral is generally not required. Credit losses are provided for in the allowance for doubtful accounts based on management's historical experience. Management has recorded an allowance of \$82,751 as of June 30, 2021.

F. Inventory

Inventory consists of bus ticket stock as well as maintenance parts for the buses. Such inventory is valued on the first-in first-out basis at the lower of cost or market.

G. Property and Equipment

Property and equipment are reported at cost at the date of purchase or estimated fair value at the date of donation, net of accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Property and equipment consist of land, buildings, furniture and equipment, and vehicles. The estimated useful lives of assets are as follows: buildings and improvements – forty years, vehicles – three to seven years, furniture and equipment – five to ten years.

Expenses for major renewals and betterments that extend the useful lives of the assets are capitalized. It is the Organization's policy to capitalize expenditures for these items in excess of \$5,000. Costs for routine maintenance and repairs are charged to expense as incurred.

H. Unearned Revenue

Unearned revenue is comprised of amounts received for advertising and member assessment fees received in advance. Unearned revenue is classified as a liability, and recognized as revenue over the period in which services are provided.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Advertising

Advertising costs are charged to operations when incurred. Advertising costs for the year ended June 30, 2021, totaled \$2,338.

J. Functional Expenses

Expenses are allocated on a functional basis among the various programs. Expenses that can be identified with a specific program are allocated directly to that program according to the natural expense classification.

K. Expense Allocation

General and administrative expenses are allocated to various programs based on management's judgment.

L. Tax Exempt Status

The Organization has qualified for tax exempt status under Section 501(c)(4) of the IRC and, generally, is subject to state and federal income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which the Organization was granted exemption. For the year ended June 30, 2021, the Organization did not earn income from unrelated business activities. The Organization has recognized no interest or penalties related to unrelated business activities and does not expect material changes within the next twelve months. The Organization believes it is no longer subject to income tax examinations by federal and state taxing authorities for years prior to 2018.

M. Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Implemented Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issues clarifying ASUs replaced most existing revenue recognition guidance under accounting principles generally accepted in the United States of America (U.S. GAAP). The ASUs also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard for the year ended June 30, 2021, using the full retrospective method.

In June 2018, FASB released ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. This update provides clarifying guidance on accounting for the grants and contracts of nonprofit organizations as they relate to the new revenue recognition standards implemented by ASU 2014-09 and aims to minimize diversity in the classification of grants and contracts that exist under current guidance.

The adoption of these ASUs did not have a significant impact on the financial statements. Based on the Organization's evaluation process and review of its contracts and contributions, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standards. No changes were required to previously reported revenues as a result of adoption.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Upcoming Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of the lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2020. As a result of COVID-19, the FASB extended the effective date to be for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In May 2019, the FASB issued ASU 2019-06, *Intangibles – Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities*. The updated standard is meant to clarify the accounting for goodwill and certain identifiable intangible assets. Management has not yet determined the impact of this update on its financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) – Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a Consensus of the FASB Emerging Issues Task Force)*. The updated standard is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The update is meant to clarify the accounting for investments under Topics 321, 323, and 815. Management has not yet determined the impact of this update on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The updated standard is meant provide clarification for an entity's reporting contributed nonfinancial assets by requiring additional presentation and disclosure for those contributions. The amendment is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022, and should be applied retrospectively. Management has not yet determined the impact of this update on its financial statements.

P. Summarized Information for 2020

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2020, from which the summarized information was derived. Certain amounts presented in the prior year's data may have been reclassified to be consistent with the current year's presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY

As of June 30, 2021, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one-year of the statement of financial position date to meet general expenditures:

	<u>2021</u>
Financial assets held at year-end:	
Cash	\$ 5,161,542
Accounts receivable	15,253,910
Fuel credit receivable	<u>61,758</u>
	20,477,210
Less: Donor restrictions	<u>-</u>
Financial assets available to meet expenditures over the next 12 months	<u>\$ 20,477,210</u>

The Organization has assets limited to use of donor-restricted purposes. These assets are not available for general expenditure within the next year.

NOTE 4 – CONCENTRATIONS

Effective March 18, 2010, the Organization entered into a contractual agreement with Disneyland Resort, a division of Walt Disney Parks and Resorts U.S.A., Inc. The Organization is providing a public transit route, Route 20, which is an express downtown circulatory service to connect various Anaheim Resort parking facilities and the East Esplanade – the main transportation center for Disneyland Resort. Disneyland Resort agreed to compensate the Organization for all associated start-up costs and operating expenses through an assessment fee. For the year ended June 30, 2021, the Organization received \$122,384 of its total revenue from Disneyland Resort. Termination of this contract by either party could negatively affect the revenues of the Organization and the Organization's results of operations.

The Organization has contracted with one company to provide transportation services in the Anaheim area. The Organization believes that if this provider were to discontinue services, a similar service provider could be engaged with minimal economic effect to the Organization.

The Organization engages in substantially all of its business within the City. Significant downturns in the local economy could impact the Organization's profitability. The Organization believes that the City is committed to fuel efficient public transportation and, therefore, represents a low economic risk.

NOTE 5 – ACCOUNTS AND FUEL CREDIT RECEIVABLE

Accounts and fuel credit receivable as of June 30, 2021, are comprised of the following:

	<u>2021</u>
City of Anaheim	\$ 1,473,837
Other receivables	370,657
Accrued grant receivables	13,492,167
Alternative fuel credit receivable	61,758
Allowance for doubtful accounts	<u>(82,751)</u>
Total accounts and fuel credit receivable	<u>\$ 15,315,668</u>

NOTE 6 – FEDERAL, STATE, AND LOCAL FUNDING ASSISTANCE

OCTA is the designated grant recipient for the Department of Transportation's (DOT) Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Grant funds and FTA Section 5339 Discretionary Capital Grant funds for Orange County. The Organization has been deemed an eligible subrecipient to receive FTA Section 5307 Urbanized Area Formula Grant funds and FTA Section 5339 Discretionary Capital Grant funds. OCTA and the Organization entered into a cooperative agreement allowing OCTA to pass awarded federal grant funds to the Organization but the funds passed to the Organization are in local equivalent dollars. There are no federal funds received for Section 5307 or Section 5339. The Organization will receive \$925,733 in local dollars for the year ended June 30, 2021.

On July 13, 2020, the Organization amended its agreement with OCTA to receive \$2,354,802 in pass through of unrestricted local dollars for the Organization's share of emergency funds due to COVID-19. These federal funds are first exchanged for local funds before being received by the Organization. Therefore, the nature of funding received is local, not federal. The Organization received \$2,354,802 in pass through of unrestricted local dollars for its share of emergency funds of which \$1,154,802 was recognized as grant revenue for the year ended June 30, 2021, and \$1,200,000 was previously recognized as grant revenue.

On December 1, 2020, the Organization received a full grant award for \$2,000,000 from the Southern California Association of Governments (SCAG). The project is funded with Federal Grant Funds through FTA Section 5339. The award provides funding for the purchase of forty (40) battery-electric buses to replace buses that have exceeded their useful life. As of June 30, 2021, the Organization expended \$1,500,000 of the grant funding.

On April 26, 2018, the Organization received a full grant award for \$28,617,000 from the California State Transit Assistance (CalSTA) Fund and the Transit and Intercity Rail Capital Program (TIRCP). The award provides funds toward forty (40) zero emission buses, microtransit service, and partial funding for the Organization's new Operations and Maintenance facility. The project began in 2019 and will continue through the end of fiscal year 2024.

As of June 30, 2021, the Organization has purchased ten (10) small electric vehicles for microtransit with 30 electric buses on order and has begun construction on new facilities for Operations, Maintenance, and Administration which will provide infrastructure for electric charging. Grant receipts and disbursements for the year ended June 30, 2021, were as follows:

2021
Grant receipts:
 TIRCP Grant: \$4,605,554
Grant disbursements:
 TIRCP Grant: \$14,402,820 (Billed)
 Amount to be refunded: \$10,839,695 (AR)

On September 1, 2018, the Organization received a full grant award for \$39,383 from the South Coast Air Quality Management District (SCAQMD). The award provides funding for the replacement of two zero emission transit buses under the FY16-17/Year 19 Carl Moyer Program. For the year ended June 30, 2021, the Organization expended \$39,383 of the grant funding.

On January 1, 2021 the Organization received a full grant award for \$741,656 from SCAQMD. The award provides funding for the replacement of ten low or zero emission vehicles. For the year ended June 30, 2021, the Organization expended \$187,356 of the grant funding.

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021:

	<u>2021</u>
Land	\$ 2,274,152
Construction in progress	2,655,483
Building and improvements	1,809,693
Vehicles	<u>27,016,571</u>
Total	33,755,899
Less: accumulated depreciation	<u>(9,672,041)</u>
Property and equipment, net	<u>\$ 24,083,858</u>

Depreciation expense for the year ended June 30, 2021, amounted to \$2,333,526.

NOTE 8 – NOTES AND LOANS PAYABLE

	<u>2021</u>
Loan payable, interest calculated at a variable rate per year (4.00% as of June 30, 2021) beginning January 1, 2019, and payable in 60 monthly installments of \$12,148 with a final payment of \$1,724,320. Secured by the property at 1354 S. Anaheim Blvd.	\$ 1,906,752
Loan payable, interest at 4.85% per year beginning January 6, 2019, and payable in 84 monthly installments of \$21,014. Secured by four electric buses.	1,016,792
Small Business Administration (SBA) Economic Injury Disaster Loan (EIDL) payable, interest at 2.75% per year beginning May 26, 2021, and payable in 360 monthly installments of \$641. Secured by all tangible and intangible personal property.	<u>150,000</u>
Total notes and loans payable	<u>\$ 3,073,544</u>

Future principal payments are as follows:

<u>Years Ending June 30,</u>	<u>Property Loan Note Payable Amount</u>	<u>Four Electric Buses Note Payable Amount</u>	<u>EIDL Note Payable Amount</u>	<u>Total Amount</u>
2022	\$ 70,795	\$ 207,302	\$ 7,692	\$ 285,789
2023	73,679	217,665	7,692	299,036
2024	1,762,278	228,460	7,692	1,998,430
2025	-	239,780	7,692	247,472
2026	-	123,585	7,692	131,277
Thereafter	-	-	111,540	111,540
Total	<u>\$ 1,906,752</u>	<u>\$ 1,016,792</u>	<u>\$ 150,000</u>	<u>\$ 3,073,544</u>

NOTE 9 – COMMERCIAL CREDIT CARDS

Effective August 1, 2018, the Organization obtained commercial credit cards with a credit card company. The credit limit is \$30,000 as of September 2020 and September 2021 with a variable interest rate. Interest shall only be payable if the account is not settled by the monthly due date and becomes past due. As of June 30, 2021, the Organization owed a balance of \$2,805.

Effective December 6, 2018, the Organization obtained commercial credit cards with its bank. The credit limit is \$480,000 with a variable interest rate of 10.49%. Interest shall only be payable if the account is not settled by the monthly due date and becomes past due. As of June 30, 2021, the Organization owed a balance of \$34,511.

NOTE 10 – OTHER INCOME

For the year ended June 30, 2021, other income consisted of the following:

	<u>2021</u>
Maintenance parts	\$ 103,934
Bus ticket stock	<u>24,821</u>
Total	<u>\$ 128,755</u>

NOTE 11 – INVENTORY

Inventory consisted of the following as of June 30, 2021:

	<u>2021</u>
Maintenance parts	\$ 103,934
Bus ticket stock	<u>24,821</u>
Total	<u>\$ 128,755</u>

NOTE 12 – ENVIRONMENTAL CONTINGENT LIABILITY

Contingent liabilities are existing conditions, situations, or a set of circumstances involving uncertainty as to possible gain or loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur.

As of June 30, 2021, the Organization is not aware of any certain contingent environmental liabilities that may eventually result in the payment of substantial monetary claims to third parties. The likelihood of this liability is remote and not reasonably possible to estimate. The Organization does not believe that any environmental contingent liability, if any, will result in material expenses.

These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of corrective actions that may be required, the determination of the Organization's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

In addition, the Organization participates in the Special Property Insurance Program (SPIP) with Alliant Insurance Services, Inc. This policy covers accidental contaminations of \$250,000 per occurrence and \$250,000 annually per member with a \$500,000 annual maximum for all members per declaration.

NOTE 13 – RETIREMENT PLAN

The Organization maintains a qualified 403(b) Plan (the Plan). Employees are eligible to participate in the Plan upon hire. Each employee, after entering the Plan, is eligible to make elective salary deferrals up to the maximum deferral each year as permitted by federal law based on the employee's age.

Starting January 1, 2016, the Organization provides a matching contribution up to 2.5% of an employee's salaries and wages. Employees must contribute to the Plan in order to be eligible to receive the match. For the year ended June 30, 2021, the Organization contributed \$11,419.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Commitments

The Organization leases its administration office and ticket window at ARTIC from the City as well as a parking lot for buses. The Organization paid \$65,108 in rent expense for the facility for the year ended June 30, 2021.

In addition, the Organization leases numerous pieces of equipment. The Organization paid \$15,783 in lease payments on equipment for the year ended June 30, 2021.

The Organization leases its Liquefied Natural Gas (LNG) fuel tank under an operating lease. The monthly fee is based on fuel usage and current fuel costs. For the year ended June 30, 2021, the Organization paid \$5,725 in fees under this lease.

Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since, by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 15 – PAYCHECK PROTECTION PROGRAM

On June 5, 2020, the Organization received a loan in the amount of \$518,676 with an interest rate of 1.00% from the SBA. Maturity is two years from the date of the loan. This loan was made pursuant to the SBA's Paycheck Protection Program (the "PPP" Loan) under the CARES ACT, as implemented by the Interim Final Rule. This PPP Loan was made to help businesses impacted by the economic impact from COVID-19. On May 11, 2021, the Organization received forgiveness of the entire \$518,676 balance of this PPP loan. Management had previously recognized \$309,994 as grant revenue. For the year ended June 30, 2021, Management recognized the remaining \$208,682 as grant revenue.

On March 1, 2021, the Organization received an additional loan in the amount of \$625,375 with an interest rate of 1.00% from Lendistry. Maturity is two years from the date of the loan. This loan was made pursuant to the SBA PPP Loan under the CARES ACT, as implemented by the Interim Final Rule. This PPP Loan was made to help businesses impacted by the economic impact from COVID-19.

Some or all of the loans may be forgiven. Forgiveness of the loans is only available for principal that is used for the limited purposes that qualify for forgiveness under the SBA requirements as specified in the Interim Final Rule, and certify that the amounts the Organization is requesting to be forgiven qualify under those requirements. The Organization will remain responsible under the loans for any amounts not forgiven, and that interest payable under the loan will not be forgiven, but that the SBA may pay the loans' interest on forgiven amounts.

As of June 30, 2021, Management had recognized \$746,930 in loans forgiven for qualified payroll expenses. The remaining \$87,127 is deferred as of June 30, 2021. Management of the Organization expects all of the loan to be forgiven.

NOTE 16 – SUBSEQUENT EVENTS

Management of the Organization has evaluated its financial position and activities from the June 30, 2021 year-end of this report through October 29, 2021, which is the date the consolidated financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the United States has resulted in reduced client traffic and the temporary reduction of operating hours as well as temporary office closure where government mandated. At the current time, the Organization is unable to quantify all the potential effects of this pandemic on the future consolidated financial statements.

CONSOLIDATED SUPPLEMENTARY INFORMATION

**ANAHEIM TRANSPORTATION NETWORK
SCHEDULE I – CONSOLIDATED STATEMENT OF
ANAHEIM RESORT TRANSPORTATION (ART), GRANT,
AND PROGRAM REVENUES AND MEMBERSHIP DUES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	<u>2021</u>	<u>2020</u>
ART revenues:		
Route 20 assessments	\$ 122,384	\$ 4,696,887
ART ticket sales	52,165	3,143,204
Hotel and retail assessments	173,893	1,833,830
Advertising	20,961	391,028
Group sales	490	94,313
Kiosk lease	-	50,000
Metrolink Route 15	-	2,870
Amtrak	1,400	8,754
	<u>371,293</u>	<u>10,220,886</u>
Grant revenues:		
Local grants:		
Section 5339	133,565	111,124
Section 5307	701,769	712,309
CARES Act	1,154,802	1,200,000
Local grants (ATID, Costa Mesa, Center City Anaheim)	7,116,337	3,097,177
TIRCP Grant	14,402,820	983,133
Paycheck protection program	746,930	309,994
	<u>24,256,223</u>	<u>6,413,737</u>
Program revenues:		
Downtown bus service	59,992	76,693
Rideshare transit passes	743	4,150
	<u>60,735</u>	<u>80,843</u>
Membership dues	<u>59,883</u>	<u>57,081</u>
Total ART, grant, and program revenues and membership dues	<u>\$ 24,748,134</u>	<u>\$ 16,772,547</u>

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
SCHEDULE II – CONSOLIDATED STATEMENT OF OTHER INCOME
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR 2020)**

	2021	2020
Other income		
Alternative fuel tax credit	\$ 113,223	\$ 89,646
Miscellaneous and interest income	26,354	16,359
 Total other income	 \$ 139,577	 \$ 106,005

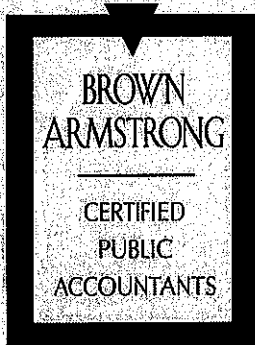
See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020**

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
 CONSOLIDATED FINANCIAL STATEMENTS:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows.....	6
Notes to Consolidated Financial Statements	7
 CONSOLIDATED SUPPLEMENTARY INFORMATION:	
Schedule I – Consolidated Statement of Anaheim Resort Transportation (ART), Grant, Program Revenues and Membership Dues For the Year Ended June 30, 2020	16
Schedule II – Consolidated Statement of Other Income For the Year Ended June 30, 2020	17



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Anaheim Transportation Network
Anaheim, California

We have audited the accompanying consolidated financial statements of Anaheim Transportation Network and its wholly owned subsidiary ATN Asset Holding Company, LLC, (collectively referred to as the "Organization") which comprise the consolidated statement of financial position as of June 30, 2020, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2020, and the consolidated changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously audited the consolidated financial statements of the Organization as of June 30, 2019, and we expressed an unmodified opinion on those consolidated financial statements in our report dated November 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Consolidated Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 30, 2020

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

ASSETS	<u>2020</u>	<u>2019</u>
Assets		
Cash and cash equivalents	\$ 274,978	\$ 90,477
Investments	701,762	693,407
Accounts receivable	4,136,418	3,974,362
Fuel credit receivable	281,387	465,959
Prepaid expenses	20,441	80,144
Inventory	<u>217,295</u>	<u>191,415</u>
 Total current assets	 <u>5,632,281</u>	 <u>5,495,764</u>
 Property and equipment, net	 <u>8,730,576</u>	 <u>7,338,653</u>
 TOTAL ASSETS	 <u><u>\$ 14,362,857</u></u>	 <u><u>\$ 12,834,417</u></u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 3,819,918	\$ 3,711,371
Credit card payable	141,435	486,746
Accrued and other liabilities	813,702	316,568
Unearned revenue	371,182	35,555
Notes payable, current portion	<u>281,850</u>	<u>230,061</u>
 Total current liabilities	 <u>5,428,087</u>	 <u>4,780,301</u>
 Notes payable, long-term portion	 <u>2,906,145</u>	 <u>3,202,842</u>
 Total long-term liabilities	 <u>2,906,145</u>	 <u>3,202,842</u>
 TOTAL LIABILITIES	 <u>8,334,232</u>	 <u>7,983,143</u>
 Net assets		
Without donor restrictions	<u>6,028,625</u>	<u>4,851,274</u>
 TOTAL NET ASSETS	 <u>6,028,625</u>	 <u>4,851,274</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 14,362,857</u></u>	 <u><u>\$ 12,834,417</u></u>

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>Without Donor Restrictions</u>	
	<u>2020</u>	<u>2019</u>
REVENUES AND OTHER SUPPORT		
Anaheim Resort Transportation (ART) revenues	\$ 10,220,886	\$ 14,916,979
Grant revenues	6,413,737	1,941,774
Program revenues	80,843	93,054
Membership dues	57,081	64,158
Other income	106,005	319,460
	<u>16,878,552</u>	<u>17,335,425</u>
TOTAL REVENUES AND OTHER SUPPORT		
EXPENSES		
Program services		
Route 20 operating expenses	5,123,786	6,840,911
Grant expenses	1,138,346	936,344
Other program expenses	8,163,953	9,198,127
Supporting services		
General and administrative expenses	1,275,117	1,522,391
	<u>15,701,201</u>	<u>18,497,773</u>
TOTAL EXPENSES		
CHANGE IN NET ASSETS	1,177,351	(1,162,348)
NET ASSETS, Beginning of Year	<u>4,851,274</u>	<u>6,013,621</u>
NET ASSETS, End of Year	<u>\$ 6,028,625</u>	<u>\$ 4,851,274</u>

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>Program Services</u>			<u>Supporting Services</u>	<u>2020</u>	<u>2019</u>
	<u>Route 20</u>	<u>Grant</u>	<u>Other Program</u>	<u>General and Administrative</u>		
Expenses:						
Transit service expenses	\$ 2,957,515	\$ -	\$ 3,265,237	\$ -	\$ 6,222,752	\$ 7,744,168
Transit service expenses - other	-	284,558	-	-	284,558	244,355
Automotive expenses	-	-	6,859	-	6,859	9,878
Repairs and maintenance	270,893	-	519,848	-	790,741	1,188,449
Fuel	510,685	-	829,105	-	1,339,790	1,841,236
Salaries and benefits	978,080	172,155	844,118	489,153	2,483,506	2,687,943
Payroll taxes	73,078	13,545	69,120	40,075	195,818	200,590
Local grants:						
Local formula grant	-	82,102	-	-	82,102	218,945
Insurance:						
Property	36,429	-	36,429	-	72,858	66,848
General	14,898	-	14,898	-	29,795	30,302
Pollution liability	-	-	16,455	-	16,455	15,906
Workers' compensation	80,397	-	80,397	-	160,794	150,945
Crime	-	-	2,573	-	2,573	2,654
Professional and legal services	84,631	256,702	129,640	358,148	829,121	803,429
Marketing	-	-	-	132,365	132,365	373,085
Website maintenance	-	-	-	34,603	34,603	36,215
Payroll processing fees	-	-	-	3,325	3,325	1,789
Participation usage credit	-	-	130,077	-	130,077	168,062
Kiosk merchant fees	-	-	140,416	-	140,416	99,647
ART transit passes	-	-	3,211	-	3,211	3,531
Rideshare transit passes	-	-	9,022	-	9,022	12,036
Telecommunication	78,075	-	78,075	-	156,150	148,196
Utilities	-	-	91,602	-	91,602	101,764
Facility rental	-	-	56,866	10,547	67,413	42,912
Furniture and equipment	10,245	-	106,984	-	117,229	184,911
Depreciation	-	-	1,128,886	-	1,128,886	1,409,518
Board meeting expenses	-	-	-	4,676	4,676	4,358
Meals and entertainment	-	-	5,738	-	5,738	10,801
General travel and promotion	-	-	30,443	26,346	56,789	85,096
Conference expenses	-	-	29,134	-	29,134	19,525
Professional development and training	-	-	3,041	-	3,041	928
Supplies	26,135	-	114,754	-	140,889	152,853
Postage expenses	-	-	4,092	-	4,092	7,967
Dues and subscriptions	-	-	53,602	-	53,602	49,757
Bank charges	-	-	-	10,199	10,199	28,519
Credit card fees	-	-	77,449	-	77,449	54,197
Interest	-	-	-	159,776	159,776	181,147
Taxes and licenses	-	-	56,599	2,046	58,645	85,422
Charitable giving	-	-	-	3,858	3,858	9,900
Miscellaneous	2,726	329,284	229,283	-	561,293	19,989
Total expenses	\$ 5,123,786	\$ 1,138,346	\$ 8,163,953	\$ 1,275,117	\$ 15,701,201	\$ 18,497,773

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,177,351	\$ (1,162,348)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,128,885	1,409,304
Change in assets and liabilities:		
Accounts receivable	(162,056)	(514,602)
Fuel credit receivable	184,572	183,334
Prepaid expenses	59,703	11,697
Inventory	(25,880)	8,309
Accounts payable	108,547	(136,106)
Credit card payable	(345,311)	264,448
Accrued and other liabilities	497,134	63,196
Unearned revenue	335,627	(66,415)
	2,958,572	60,818
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	(8,355)	(2,707)
Reinvested interest income	-	-
Purchases of property and equipment	(2,520,808)	(406,146)
	(2,529,163)	(408,853)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes and loans payable	(244,908)	1,374,854
Proceeds from/(payments on) line of credit	-	-
Payments to refinance notes and loans payable	-	(3,544,203)
Proceeds from issuance of notes and loans payable	-	3,544,203
Payments on capital lease obligations	-	(1,596,283)
	(244,908)	(221,429)
NET CASH USED IN FINANCING ACTIVITIES		
	184,501	(569,465)
CASH AND CASH EQUIVALENTS, Beginning of Year	90,477	659,941
CASH AND CASH EQUIVALENTS, End of Year	\$ 274,978	\$ 90,477
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 159,776	\$ 181,147
Cash paid for taxes	\$ 58,645	\$ 67,120

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 – NATURE OF THE ORGANIZATION

The Anaheim Transportation Network (the Organization) was formed in September 1995, as a California non-profit organization, tax-exempt under Section 501(c)(4) of the Internal Revenue Code (IRC). The Organization provides transportation coordination services to businesses, employees, and visitors of the Anaheim resort area. The Organization's primary goal is to mitigate traffic and air quality problems and enhance transportation options by providing reliable and efficient, clean energy transportation solutions in the City of Anaheim (the City). The Organization receives its primary funding from fares, local membership assessments and Subrecipient Funds through Federal Transportation programs. Members of the Board of Directors are elected by voting members made up of local businesses serviced by the Organization. In the event of the dissolution of the Organization, the remaining assets will be distributed to other non-profits.

ART Transportation Program

The City has designated the Organization its Municipal Transportation Operator. Working with the local business community, the City and Orange County Transportation Authority (OCTA), the Organization created a high quality, clean fuel transportation system for the Anaheim Resort, Platinum Triangle, Center City and other areas of interest. The Anaheim Resort Transportation (ART) fleet is composed of LNG, CNG, electric, and LPG vehicles. ART provides services to commuters, residents and visitors to the City allowing them to access the event centers, shopping, dining, and evening entertainment in the area. ART also operates a new, on demand, microtransit services utilizing slow speed electric neighborhood vehicles, known as FRAN (Free Rides Around the Neighborhood), in the Center City area. This service allows patrons to park in available parking facilities and take FRAN to local business establishments and civic uses.

General Membership Programs

The Organization has a membership program that provides a variety of services and benefits to members including, but not limited to, regulatory compliance assistance with Rule 2202 (Ridesharing Rule), legislative and regulatory tracking, and other transportation related services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Financial Presentation

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

The net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in carrying out the Organization's mission.
- *Net assets with donor restrictions* – Net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities of the Organization as designated by the donors. As of June 30, 2020, the Organization had no net assets with donor restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Principles of Consolidation

The consolidated financial statements include the accounts of Anaheim Transportation Network and its wholly owned subsidiary ATN Asset Holding Company, LLC (collectively referred to as the "Organization"). All material intercompany accounts, transactions, and profits were eliminated in the consolidated financial statements.

C. Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash and cash equivalents in multiple financial institutions. Deposits held with these financial institutions may exceed the amount of insurance provided on such deposits. The balance is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Balances in excess of FDIC insurance amounted to \$493,501, as of June 30, 2020. Management does not believe that the Organization is subject to any unusual financial risk beyond the normal risk associated with commercial banking relationships. The Organization has not experienced any losses on its deposits of cash and cash equivalents.

D. Investments

Investments are comprised entirely of certificates of deposit and are stated at cost, adjusted for premiums and discounts, which approximates fair value, and are intended to be held until maturity. Interest income is accrued when earned.

E. Accounts Receivable

Accounts receivable are recorded at book value, net of the allowance for doubtful accounts. The Organization extends credit to its customers, substantially all of whom are businesses operating in the City. Collateral is generally not required. Credit losses are provided for in the allowance for doubtful accounts based on management's historical experience. Management has recorded an allowance of \$200,000 as of June 30, 2020.

F. Inventory

Inventory consists of bus ticket stock as well as maintenance parts for the buses. Such inventory is valued on the first-in first-out basis at the lower of cost or market.

G. Property and Equipment

Property and equipment are reported at cost at the date of purchase or estimated fair value at the date of donation, net of accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Property and equipment consist of land, buildings, furniture and equipment, and vehicles. The estimated useful lives of assets are as follows: buildings and improvements – forty years, vehicles – three to seven years, furniture and equipment – five to ten years.

Expenses for major renewals and betterments that extend the useful lives of the assets are capitalized. It is the Organization's policy to capitalize expenditures for these items in excess of \$5,000. Costs for routine maintenance and repairs are charged to expense as incurred.

H. Unearned Revenue

Unearned revenue is comprised of amounts received for advertising and member assessment fees received in advance. Unearned revenue is classified as a liability, and recognized as revenue over the period in which services are provided.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Advertising

Advertising costs are charged to operations when incurred. Advertising costs for the year ended June 30, 2020, totaled \$101,690.

J. Functional Expenses

Expenses are allocated on a functional basis among the various programs. Expenses that can be identified with a specific program are allocated directly to that program according to the natural expense classification.

K. Expense Allocation

General and administrative expenses are allocated to various programs based on management's judgment.

L. Tax Exempt Status

The Organization has qualified for tax exempt status under Section 501(c)(4) of the Internal revenue Code (IRC) and, generally, is subject to state and federal income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which the Organization was granted exemption. For the year ended June 30, 2020, the Organization did not earn income related to unrelated business activities. The Organization has recognized no interest or penalties related to unrelated business activities and does not expect material changes within the next twelve months. The Organization believes it is no longer subject to income tax examinations to federal and state taxing authorities for years prior to 2017.

M. Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Implemented Accounting Pronouncements

In June 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*. The updated standard modifies the effective dates of the Board's standards on revenue (ASC 606) and leasing (ASC 842) as a result of the coronavirus (COVID-19) pandemic. The Organization has implemented ASU 2020-05.

O. Upcoming Accounting Pronouncements

Additional standards recently released by the FASB that are required to be implemented in future years are as follows:

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments should be applied on a modified prospective basis. Under a modified prospective basis, in the first set of financial statements following the effective date, the amendments should be applied to agreements that are either not completed as of the effective date or entered into after the effective date. Retrospective application is permitted. This ASU is effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020. The Organization is currently evaluating the effect the standard will have on the financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Upcoming Accounting Pronouncements (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2017, for public business entities and not-for-profit entities that have issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market and effective for annual reporting periods beginning after December 15, 2019, for all other entities. On June 3, 2020, the FASB issued guidance providing an optional one-year deferral of the effective date of Topic 606, *Revenue from Contracts with Customers*. The Organization has not yet selected a transition method and is currently evaluating the effect the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of the lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2020. As a result of Covid-19, FASB extended the effective date to be for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In May 2019, the FASB issued ASU 2019-06, *Intangibles – Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities*. The updated standard is meant to clarify the accounting for goodwill and certain identifiable intangible assets. Management has not yet determined the impact of this update on its financial statements.

In January 2020, the FASB issued ASU 2020-01, *Investments – Equity Securities (Topic 321), Investments – Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) – Clarifying the Interactions between Topic 321, Topic 323, and Topic 815 (a consensus of the FASB Emerging Issues Task Force)*. The updated standard is effective for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. The update is meant to clarify the accounting for investments under Topic 321, 323, and 815. Management has not yet determined the impact of this update on its financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The updated standard is meant provide clarification for Organization's reporting contributed nonfinancial assets by requiring additional presentation and disclosure for those contributions. The amendment is effective for fiscal years beginning after June 15, 2021, and interim periods within fiscal years beginning after June 15, 2022 and should be applied retrospectively. Management has not yet determined the impact of this update on its financial statements.

P. Summarized Information for 2019

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived. Certain amounts presented in the prior year's data may have been reclassified to be consistent with the current year's presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY

As of June 30, 2020, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one-year of the balance sheet date to meet general expenditures:

	<u>2020</u>
Financial assets held at year-end:	
Cash	\$ 274,978
Investments	701,762
Accounts receivable	4,136,418
Fuel credit receivable	<u>281,387</u>
	5,394,545
Less: Donor restrictions	<u>-</u>
Financial assets available to meet expenditures over the next 12 months	<u>\$ 5,394,545</u>

The Organization has assets limited to use of donor-restricted purposes. These assets are not available for general expenditure within the next year.

NOTE 4 – CONCENTRATIONS

Effective March 18, 2010, the Organization entered into a contractual agreement with Disneyland Resort, a division of Walt Disney Parks and Resorts U.S.A., Inc. The Organization is providing a public transit route, Route 20, which is an express downtown circulatory service to connect various Anaheim Resort parking facilities and the East Esplanade – the main transportation center for Disneyland Resort. Disneyland Resort agreed to compensate the Organization for all associated start-up costs and operating expenses through an assessment fee. For the year ended June 30, 2020, the Organization received \$4,696,887 of its total revenue from Disneyland Resort. Termination of this contract by either party could negatively affect the revenues of the Organization and the Organization's results of operations.

The Organization has contracted with one company to provide transportation services in the Anaheim area. The Organization believes that if this provider were to discontinue services, a similar service provider could be engaged with minimal economic effect to the Organization.

The Organization engages in substantially all of its business within the City. Significant downturns in the local economy could impact the Organization's profitability. The Organization believes that the City is committed to fuel efficient public transportation and, therefore, represents a low economic risk.

NOTE 5 – ACCOUNTS AND FUEL CREDIT RECEIVABLE

Accounts and fuel credit receivable as of June 30, 2020, are comprised of the following:

	<u>2020</u>
City of Anaheim	\$ 850,001
Other receivables	1,166,649
Accrued grant receivables	2,319,768
Alternative fuel credit receivable	281,387
Allowance for doubtful accounts	<u>(200,000)</u>
Total accounts and fuel credit receivable	<u>\$ 4,417,805</u>

NOTE 6 – FEDERAL FUNDING ASSISTANCE

OCTA is the designated grant recipient for the Department of Transportation's (DOT) Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Grant funds and FTA Section 5339 Discretionary Capital Grant funds for Orange County. The Organization has been deemed an eligible subrecipient to receive FTA Section 5307 Urbanized Area Formula Grant funds and FTA Section 5339 Discretionary Capital Grant funds. OCTA and the Organization entered into a cooperative agreement allowing OCTA to pass awarded federal grant funds to the Organization but the funds passed to the Organization are in local equivalent dollars. There are no federal funds received for 5307 or 5339.

Amount to be received: \$854,407 in local dollars

On July 13, 2020, the Organization amended its agreement with OCTA to receive \$2,354,802 in pass through of unrestricted local dollars for the Organization's share of Emergency funds due to COVID-19. These federal funds are first exchanged for local funds before being received by the Organization. Therefore, the nature of funding received is local, not federal. Subrecipient grant receipts and disbursements for the year ended June 30, 2020, were as follows:

2020
Emergency Grant Equivalent Funds accrued: \$1,200,000
Amount to be received: \$2,354,802 in local dollars

On April 26, 2018, the Organization received a full grant award for \$28,617,000 from the California State Transit Assistance (CalSTA) Fund and the Transit and Intercity Rail Capital Program (TIRCP). The award provides funds toward forty (40) Zero Emission Buses, MicroTransit Service, and partial funding for the Organization's new Operations & Maintenance facility. The project began in 2019 and will continue through the end of fiscal year 2024.

As of June 30, 2020, the Organization has purchased ten (10) small electric vehicles for micro transit with 40 Electric buses on order and has begun construction on new facilities for Operations, Maintenance and Administration which will provide infrastructure for Electric Charging. Grant receipts and disbursements for the year ended June 30, 2020, were as follows:

2020
Grant receipts:
TIRCP Grant: \$ -
Grant disbursements:
TIRCP Grant: \$1,193,064.10 (Billed)
Amount to be refunded: \$784,286 (AR)

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020:

	<u>2020</u>
Land	\$ 2,274,152
Construction in progress	1,498,394
Furniture and equipment	993,609
Building and improvements	1,546,744
Vehicles	<u>12,395,758</u>
Total	18,708,657
Less: accumulated depreciation	<u>(9,978,081)</u>
Property and equipment, net	<u>\$ 8,730,576</u>

Depreciation expense for the year ended June 30, 2020, amounted to \$1,128,886.

NOTE 8 – NOTES AND LOANS PAYABLE

	<u>2020</u>
Loan payable, interest calculated at a variable rate per year (4.00% as of June 30, 2020) and beginning January 1, 2019, and payable in 60 monthly installments of \$12,148 with a final payment of \$1,639,872. Secured by the property at 1354 S. Anaheim Blvd.	\$ 1,973,710
Loan payable, interest at 4.85% per year beginning January 6, 2019, and payable in 84 monthly installments of \$21,014. Secured by four electric buses.	<u>1,214,285</u>
Total notes and loans payable	<u>\$ 3,187,995</u>

Future principal payments are as follows:

<u>Years Ending June 30,</u>	<u>Property Loan Note Payable Amount</u>	<u>Four Electric Buses Note Payable Amount</u>	<u>Total Amount</u>
2021	\$ 84,476	\$ 197,374	\$ 281,850
2022	95,678	207,381	303,059
2023	107,367	217,665	325,032
2024	1,686,189	228,460	1,914,649
2025		239,780	239,780
Thereafter		<u>123,625</u>	<u>123,625</u>
Total	<u>\$ 1,973,710</u>	<u>\$ 1,214,285</u>	<u>\$ 3,187,995</u>

NOTE 9 – COMMERCIAL CREDIT CARDS

Effective August 1, 2018, the Organization obtained commercial credit cards with a credit card company. The credit limit is \$190,000 as of September 2019 and \$30,000 as of September 2020 with a variable interest rate. Interest shall only be payable if the account is not settled by the monthly due date and becomes past due. As of June 30, 2020, the Organization owed a balance of \$20,018.

Effective December 6, 2018, the Organization obtained commercial credit cards with its bank. The credit limit is \$850,000 with variable interest rate of 10.49%. Interest shall only be payable if the account is not settled by the monthly due date and becomes past due. As of June 30, 2020, the Organization owed a balance of \$121,417.

NOTE 10 – OTHER INCOME

For the year ended June 30, 2020, other income consisted of the following:

	<u>2020</u>
Alternative fuel tax credit	\$ 89,646
Interest income and miscellaneous	<u>16,359</u>
Total	<u>\$ 106,005</u>

NOTE 11 – INVENTORY

Inventory consisted of the following as of June 30, 2020:

	<u>2020</u>
Maintenance parts	\$ 195,430
Bus ticket stock	<u>21,865</u>
Total	<u>\$ 217,295</u>

NOTE 12 – ENVIRONMENTAL CONTINGENT LIABILITY

Contingent liabilities are existing conditions, situations, or a set of circumstances involving uncertainty as to possible gain or loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur.

As of June 30, 2020, the Organization is not aware of any certain contingent environmental liabilities that may eventually result in the payment of substantial monetary claims to third parties. The likelihood of this liability is remote and not reasonably possible to estimate. The Organization does not believe that any environmental contingent liability, if any, will result in material expenses.

These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of corrective actions that may be required, the determination of the Organization's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

In addition, the Organization participates in the Special Property Insurance Program (SPIP) with Alliant Insurance Services, Inc. This policy covers accidental contaminations of \$250,000 per occurrence and \$250,000 annually per member with a \$500,000 annual maximum for all members per declaration.

NOTE 13 – RETIREMENT PLAN

The Organization maintains a qualified 403(b) Plan (the Plan). Employees are eligible to participate in the Plan upon hire. Each employee, after entering the Plan, is eligible to make elective salary deferrals up to the maximum deferral each year as permitted by federal law based on the employee's age.

Starting January 1, 2016, the Organization provides a matching contribution up to 2.5% of an employee's salaries and wages. Employees must contribute to the Plan in order to be eligible to receive the match. For the year ended June 30, 2020, the Organization contributed \$23,265.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Commitments

The Organization leases its administration office and ticket window at ARTIC from the City of Anaheim as well as a parking lot for buses. The Organization paid \$67,413 in rent expense for the facility for the year ended June 30, 2020.

In addition, the Organization leases numerous pieces of equipment. The Organization paid \$20,502 in lease payments on equipment for the year ended June 30, 2020.

The Organization leases its Liquefied Natural Gas (LNG) fuel tank under an operating lease. The monthly fee is based on fuel usage and current fuel costs. For the year ended June 30, 2020, the Organization paid \$303,953 in fees under this lease.

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

Commitments (Continued)

The Organization placed an order for forty-two (42) electric battery operated zero emissions buses in May 2019. The buses are still in the process of being built as of year-end. See Note 6 for Federal Funding Assistance for more information.

Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since, by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 15 – PAYCHECK PROTECTION PROGRAM AND ECONOMIC INJURY DISASTER LOANS

On May 28, 2020, the Organization received a loan in the amount of \$150,000 with an interest rate of 1.00% from Lendistry. Maturity is two years from the date of the loan. This loan was made pursuant to the Small Business Administration's (SBA) Economic Injury Disaster Loan (EIDL) under the CARES ACT, as implemented by the Interim Final Rule. The EIDL provides economic relief to non-profit organizations that are currently experiencing a temporary loss in revenue.

On June 5, 2020, the Organization received a loan in the amount of \$518,676 with an interest rate of 1.00% from the SBA. Maturity is two years from the date of the loan. This loan was made pursuant to the Small Business Administration's (SBA) Paycheck Protection Program (the "PPP" Loan) under the CARES ACT, as implemented by the Interim Final Rule. This PPP Loan was made to help businesses impacted by the economic impact from COVID-19.

Some or all of the loans may be forgiven. Forgiveness of the loans is only available for principal that is used for the limited purposes that qualify for forgiveness under the SBA requirements as specified in the Interim Final Rule, and certify that the amounts the Organization is requesting to be forgiven qualify under those requirements. The Organization will remain responsible under the loans for any amounts not forgiven, and that interest payable under the loan will not be forgiven, but that the SBA may pay the loans interest on forgiven amounts.

As of June 30, 2020, Management had recognized \$309,994 in loans forgiven for qualified payroll expenses. The remaining \$358,682 is deferred as of June 30, 2020. Management of the Organization expects all of the loan to be forgiven.

NOTE 16 – SUBSEQUENT EVENTS

Management of the Organization has evaluated its financial position and activities from the June 30, 2020 year-end of this report through October 30, 2020, which is the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The COVID-19 outbreak in the United States has resulted in reduced client traffic and the temporary reduction of operating hours as well as temporary office closure where government mandated. At the current time, the Organization is unable to quantify all the potential effects of this pandemic on the future financial statements.

CONSOLIDATED SUPPLEMENTARY INFORMATION

**ANAHEIM TRANSPORTATION NETWORK
SCHEDULE I – CONSOLIDATED STATEMENT OF
ANAHEIM RESORT TRANSPORTATION (ART),
GRANT, PROGRAM REVENUES AND MEMBERSHIP DUES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)**

	<u>2020</u>	<u>2019</u>
ART revenues:		
Route 20 assessments	\$ 4,696,887	\$ 7,023,744
ART ticket sales	3,143,204	4,215,508
Hotel and retail assessments	1,833,830	2,584,698
Advertising	391,028	571,730
Group sales	94,313	412,077
Kiosk lease	50,000	89,500
Metrolink Route 15	2,870	2,822
Amtrak	8,754	16,900
	<u>10,220,886</u>	<u>14,916,979</u>
Grant revenues:		
Local grants:		
Section 5339	111,124	181,371
Section 5307	712,309	748,330
Cares Act	1,200,000	-
Local grants (ATID, Costa Mesa, Center City Anaheim)	3,097,177	534,978
TIRCP Grant	983,133	477,095
Paycheck protection program	309,994	-
	<u>6,413,737</u>	<u>1,941,774</u>
Program revenues:		
Downtown bus service	76,693	88,935
Rideshare transit passes	4,150	4,119
	<u>80,843</u>	<u>93,054</u>
Membership dues	<u>57,081</u>	<u>64,158</u>
Total ART, grant, and program revenues and membership dues	<u>\$ 16,772,547</u>	<u>\$ 17,015,965</u>

See accompanying independent auditor's report and notes to the consolidated financial statements.

ANAHEIM TRANSPORTATION NETWORK
SCHEDULE II – CONSOLIDATED STATEMENT OF OTHER INCOME
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR 2019)

	<u>2020</u>	<u>2019</u>
Other income		
Alternative fuel tax credit	\$ 89,646	\$ 294,762
Miscellaneous and interest income	<u>16,359</u>	<u>24,698</u>
 Total other income	 <u>\$ 106,005</u>	 <u>\$ 319,460</u>

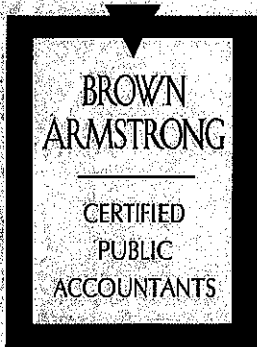
See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2019**

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019**

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
 CONSOLIDATED FINANCIAL STATEMENTS:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7
 CONSOLIDATED SUPPLEMENTARY INFORMATION:	
Schedule I – Consolidated Statement of ART, Grant, and Program Revenues and Membership Dues For the Year Ended June 30, 2019	16
Schedule II – Consolidated Statement of Other Income For the Year Ended June 30, 2019	17



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Anaheim Transportation Network
Anaheim, California

We have audited the accompanying consolidated financial statements of Anaheim Transportation Network and its wholly owned subsidiary ATN Asset Holding Company, LLC, (collectively referred to as the "Organization") which comprise the consolidated statement of financial position as of June 30, 2019, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2019, and the consolidated changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended June 30, 2019, the Organization adopted the provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion was not affected by the implementation.

Report on Summarized Comparative Information

The consolidated financial statements of the Organization as of June 30, 2018, were audited by other auditors. Those auditors expressed an unmodified opinion on those consolidated financial statements in their report dated December 31, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Consolidated Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
November 20, 2019

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

ASSETS	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 90,477	\$ 659,941
Investments	693,407	690,700
Accounts receivable	3,974,362	3,459,760
Fuel credit receivable	465,959	649,293
Prepaid expenses	80,144	91,841
Inventory	<u>191,415</u>	<u>199,724</u>
 Total current assets	 <u>5,495,764</u>	 <u>5,751,259</u>
 Property and equipment, net	 <u>7,338,653</u>	 <u>8,341,811</u>
 TOTAL ASSETS	 <u>\$ 12,834,417</u>	 <u>\$ 14,093,070</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 3,711,371	\$ 3,847,477
Credit card payable	486,746	222,298
Accrued and other liabilities	316,568	253,372
Unearned revenue	35,555	101,970
Capital lease, current portion	-	268,760
Notes payable, current portion	<u>230,061</u>	<u>61,311</u>
 Total current liabilities	 <u>4,780,301</u>	 <u>4,755,188</u>
 Capital lease, long-term portion	 -	 1,327,523
Notes payable, long-term portion	<u>3,202,842</u>	<u>1,996,738</u>
 Total long-term liabilities	 <u>3,202,842</u>	 <u>3,324,261</u>
 TOTAL LIABILITIES	 <u>7,983,143</u>	 <u>8,079,449</u>
 Net assets		
Without donor restrictions	<u>4,851,274</u>	<u>6,013,621</u>
 TOTAL NET ASSETS	 <u>4,851,274</u>	 <u>6,013,621</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 12,834,417</u>	 <u>\$ 14,093,070</u>

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	Without Donor Restrictions	
	2019	2018
REVENUES AND OTHER SUPPORT		
ART revenues	\$ 14,916,979	\$ 14,260,453
Grant revenues	1,941,774	1,725,154
Program revenues	93,054	378,515
Membership dues	64,158	57,448
Other income	319,460	399,773
	17,335,425	16,821,343
EXPENSES		
Program services		
Route 20 operating expenses	6,840,911	6,675,367
Grant expenses	936,344	812,645
Other program expenses	9,198,127	8,870,921
Supporting services		
General and administrative expenses	1,522,391	1,179,378
	18,497,773	17,538,311
CHANGE IN NET ASSETS	(1,162,348)	(716,968)
NET ASSETS, Beginning of Year	6,013,621	6,730,589
NET ASSETS, End of Year	\$ 4,851,274	\$ 6,013,621

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	Program Services			Supporting Services	2019	2018
	Route 20	Grant	Other Program	General and Administrative		
Expenses:						
Transit service expenses	\$ 4,123,258	\$ -	\$ 3,620,910	\$ -	\$ 7,744,168	\$ 7,188,221
Transit service expenses - other	7,472	229,411	7,472	-	244,355	305,036
Automotive expenses	-	-	9,878	-	9,878	9,092
Repairs and maintenance	460,911	-	727,538	-	1,188,449	1,236,992
Fuel	847,054	-	994,182	-	1,841,236	1,762,479
Salaries and benefits	1,030,442	166,911	1,020,311	470,279	2,687,943	2,604,697
Payroll taxes	75,920	12,238	74,874	37,558	200,590	191,160
Local grants:						
Local formula grant	-	218,945	-	-	218,945	101,721
DOT grant	-	-	-	-	-	27,318
Insurance:						
Property	33,424	-	33,424	-	66,848	53,263
General	15,151	-	15,151	-	30,302	25,151
Pollution liability	-	-	15,906	-	15,906	10,585
Workers' compensation	75,473	-	75,473	-	150,945	166,804
Crime	-	-	2,654	-	2,654	2,250
Professional and legal services	53,005	308,839	122,685	318,900	803,429	730,296
Marketing	-	-	-	373,085	373,085	159,685
Website maintenance	-	-	-	36,215	36,215	54,155
Payroll processing fees	-	-	-	1,789	1,789	13,959
Participation usage credit	-	-	168,062	-	168,062	168,422
Kiosk merchant fees	-	-	99,647	-	99,647	56,700
Mobile ticketing service fees	-	-	-	-	-	18,755
ART transit passes	-	-	3,531	-	3,531	1,971
Rideshare transit passes	-	-	12,036	-	12,036	8,926
Telecommunication	73,789	-	74,407	-	148,196	166,966
Utilities	-	-	101,764	-	101,764	91,934
Facility rental	-	-	33,381	9,531	42,912	56,708
Storage rent	-	-	-	-	-	1,902
Furniture and equipment	12,280	-	172,631	-	184,911	105,375
Depreciation	-	-	1,409,518	-	1,409,518	1,543,574
Board meeting expenses	-	-	-	4,358	4,358	4,038
Meals and Entertainment	-	-	10,801	-	10,801	23,045
General travel and promotion	-	-	43,989	41,107	85,096	43,813
Conference expenses	-	-	19,525	-	19,525	6,138
Professional development and training	-	-	928	-	928	5,028
Supplies	29,447	-	123,406	-	152,853	184,581
Postage expenses	-	-	7,967	-	7,967	11,054
Dues and subscriptions	-	-	49,757	-	49,757	58,920
Bank charges	-	-	-	28,519	28,519	9,976
Credit card fees	-	-	54,197	-	54,197	52,042
Interest	-	-	-	181,147	181,147	162,771
Taxes and licenses	-	-	77,412	8,010	85,422	71,470
Charitable giving	-	-	-	9,900	9,900	4,826
Miscellaneous	3,286	-	14,710	1,993	19,989	36,512
Total expenses	\$ 6,840,911	\$ 936,344	\$ 9,198,127	\$ 1,522,391	\$ 18,497,773	\$ 17,538,311

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,162,348)	\$ (716,968)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,409,304	1,543,788
Change in assets and liabilities:		
Accounts receivable	(514,602)	(118,906)
Fuel credit receivable	183,334	(266,539)
Prepaid expenses	11,697	(25,064)
Inventory	8,309	7,982
Accounts payable	(136,106)	1,385,007
Credit card payable	264,448	20,673
Accrued and other liabilities	63,196	(527,539)
Unearned revenue	(66,415)	(6,510)
	<u>60,818</u>	<u>1,295,924</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of certificates of deposit	(2,707)	(4,897)
Reinvested interest income	-	-
Purchases of property and equipment	(406,146)	(672,554)
	<u>(408,853)</u>	<u>(677,451)</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on notes and loans payable	1,374,854	(118,291)
Proceeds from/(payments on) line of credit	-	(100,000)
Payments to refinance notes and loans payable	(3,544,203)	-
Proceeds from issuance of notes and loans payable	3,544,203	-
Payments on capital lease obligations	(1,596,283)	(258,007)
	<u>(221,429)</u>	<u>(476,298)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(569,465)	142,175
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>659,941</u>	<u>517,766</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 90,477</u>	<u>\$ 659,941</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment funded by capital lease borrowings	<u>\$ -</u>	<u>\$ -</u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u>\$ 181,147</u>	<u>\$ 162,771</u>
Cash paid for taxes	<u>\$ 67,120</u>	<u>\$ 71,740</u>

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – NATURE OF THE ORGANIZATION

The Anaheim Transportation Network (the Organization) was formed in September 1995, as a California non-profit organization, tax-exempt under Section 501(c)(4) of the Internal Revenue Code (IRC). The Organization provides transportation coordination services to businesses, employees, and visitors of the Anaheim resort area. The Organization's primary goal is to mitigate traffic and air quality problems and enhance transportation options by providing reliable and efficient, clean energy transportation solutions in Anaheim. The Organization receives its primary funding from fares, local membership assessments and Subrecipient Funds through Federal Transportation programs. Members of the Board of Directors are elected by voting members made up of local businesses serviced by the Organization. In the event of the dissolution of the Organization, the remaining assets will be distributed to other non-profits.

ART Transportation Program

The City of Anaheim (the City) has designated the Organization its Municipal Transportation Operator. Working with the local business community, the City and Orange County Transportation Authority (OCTA), the Organization created a high quality, clean fuel transportation system for the Anaheim Resort, Platinum Triangle, Center City and other areas of interest. The Anaheim Resort Transportation (ART) fleet is composed of LNG, CNG, electric, and LPG vehicles. ART provides services to commuters, residents and visitors to Anaheim allowing them to access the event centers, shopping, dining, and evening entertainment in the area. ART also operates a New, On Demand, Microtransit services utilizing slow speed electric neighborhood vehicles, known as FRAN (Free Rides Around the Neighborhood), in the Center City area. This services allows patrons to park in available parking facilities and take FRAN to local business establishments and civic uses.

General Membership Programs

The Organization has a membership program that provides a variety of services and benefits to members including, but not limited to, regulatory compliance assistance with Rule 2202 (Ridesharing Rule), legislative and regulatory tracking, and other transportation related services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Financial Presentation

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

The net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in carrying out the Organization's mission.
- *Net assets with donor restrictions* – Net assets to be held in perpetuity as directed by donors. The income from the contributions is available to support activities of the Organization as designated by the donors. As of June 30, 2019, the Organization had no net assets with donor restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Principles of Consolidation

The consolidated financial statements include the accounts of Anaheim Transportation Network and its wholly owned subsidiary ATN Asset Holding Company, LLC (collectively referred to as the "Organization"). All material intercompany accounts, transactions, and profits were eliminated in the consolidated financial statements.

C. Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

The Organization maintains its cash and cash equivalents in multiple financial institutions. Deposits held with these financial institutions may exceed the amount of insurance provided on such deposits. The balance is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Balances in excess of FDIC insurance amounted to \$443,407, as of June 30, 2019. Management does not believe that the Organization is subject to any unusual financial risk beyond the normal risk associated with commercial banking relationships. The Organization has not experienced any losses on its deposits of cash and cash equivalents.

D. Investments

Investments are comprised entirely of certificates of deposit and are stated at cost, adjusted for premiums and discounts, which approximates fair value, and are intended to be held until maturity. Interest income is accrued when earned.

E. Accounts Receivable

Accounts receivable are recorded at book value, net of the allowance for doubtful accounts. The Organization extends credit to its customers, substantially all of whom are businesses operating in Anaheim, California. Collateral is generally not required. Credit losses are provided for in the allowance for doubtful accounts based on management's historical experience. Management has determined that an allowance is not necessary as of June 30, 2019.

F. Inventory

Inventory consists of bus ticket stock as well as maintenance parts for the buses. Such inventory is valued on the first-in first-out basis at the lower of cost or market.

G. Property and Equipment

Property and equipment are reported at cost at the date of purchase or estimated fair value at the date of donation, net of accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. Property and equipment consist of land, buildings, furniture and equipment, and vehicles. The estimated useful lives of assets are as follows: buildings and improvements – forty years, vehicles – three to seven years, furniture and equipment – five to ten years.

Expenses for major renewals and betterments that extend the useful lives of the assets are capitalized. It is the Organization's policy to capitalize expenditures for these items in excess of \$5,000. Costs for routine maintenance and repairs are charged to expense as incurred.

H. Unearned Revenue

Unearned revenue is comprised of amounts received for advertising and member assessment fees received in advance. Unearned revenue is classified as a liability, and recognized as revenue over the period in which services are provided.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Advertising

Advertising costs are charged to operations when incurred. Advertising costs for the year ended June 30, 2019, totaled \$327,928.

J. Functional Expenses

Expenses are allocated on a functional basis among the various programs. Expenses that can be identified with a specific program are allocated directly to that program according to the natural expense classification.

K. Expense Allocation

General and administrative expenses are allocated to various programs based on management's judgment.

L. Tax Exempt Status

The Organization has qualified for tax exempt status under Section 501(c)(4) of the IRC and, generally, is subject to state and federal income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purpose for which the Organization was granted exemption. For the year ended June 30, 2019, the Organization earned income related to unrelated business activities. Income tax expense for the year ended June 30, 2019, on unrelated business income received during the year consists of franchise income tax of \$8,010. The Organization has recognized no interest or penalties related to unrelated business activities and does not expect material changes within the next twelve months. The Organization believes it is no longer subject to income tax examinations to federal and state taxing authorities for years prior to 2016.

M. Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. Implemented Accounting Pronouncements

On August 18, 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update are designed to improve the current net assets classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments of this ASU are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization has adjusted the presentation of these consolidated statements accordingly. The ASU has been applied retrospectively to all periods presented.

O. Upcoming Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and in, doing so, it is possible more judgement and estimate may be required under existing U.S. GAAP, including identifying performance obligation in the contract, estimating the amount of the variable consideration to include in the transaction price, and allocating the transaction prices to each performance obligation. Revenue from contributions and investments income are not impacted by the new standard. ASU 2014-09 will be effective for annual reporting periods beginning after December 15, 2017, using either of two methods: a) retrospective to each prior reporting period presented with

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Upcoming Accounting Pronouncements (Continued)

the option to elect certain practical expedients as defined within ASU 2014-09; or b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of the initial application and providing certain additional disclosures as defined in ASU 2014-09. Management has not yet selected a transition method and is currently evaluating the impact this updated standard will have on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract. The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchased by the lessee. This classification will determine lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than twelve months regardless of their classification. Leases with a term of twelve months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. The standard is effective on January 1, 2020, with early adoption permitted. Management is currently evaluating the effect this updated standard will have on the consolidated financial statements.

P. Summarized Information for 2018

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived. Certain amounts presented in the prior year's data may have been reclassified to be consistent with the current year's presentation.

NOTE 3 – LIQUIDITY AND AVAILABILITY

As of June 30, 2019, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could readily be made available within one-year of the balance sheet date to meet general expenditures:

	<u>2019</u>
Financial assets held at year-end:	
Cash	\$ 90,477
Investments	693,407
Accounts receivable	3,974,362
Fuel credit receivable	<u>465,959</u>
	5,224,205
Less: Donor restrictions	<u>-</u>
Financial assets available to meet expenditures over the next 12 months	<u>\$ 5,224,205</u>

The Organization has assets limited to use of donor-restricted purposes. These assets are not available for general expenditure within the next year.

NOTE 4 – CONCENTRATIONS

Effective March 18, 2010, the Organization entered into a contractual agreement with Disneyland Resort, a division of Walt Disney Parks and Resorts U.S.A., Inc. The Organization is providing a public transit route, Route 20, which is an express downtown circulatory service to connect various Anaheim Resort parking facilities and the East Esplanade – the main transportation center for Disneyland Resort. Disneyland Resort agreed to compensate the Organization for all associated start-up costs and operating expenses through an assessment fee. For the year ended June 30, 2019, the Organization received \$7,023,744 of its total revenue from Disneyland Resort. Termination of this contract by either party could negatively affect the revenues of the Organization and the Organization's results of operations.

The Organization has contracted with one company to provide transportation services in the Anaheim area. The Organization believes that if this provider were to discontinue services, a similar service provider could be engaged with minimal economic effect to the Organization.

The Organization engages in substantially all of its business within the City. Significant downturns in the local economy could impact the Organization's profitability. The Organization believes that the City is committed to fuel efficient public transportation and, therefore, represents a low economic risk.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2019, are comprised of the following:

	<u>2019</u>
City of Anaheim	\$ 45,868
Walt Disney Parks and Resorts U.S.A., Inc.	1,493,884
Other receivables	579,095
Accrued grant receivables	1,855,515
Alternative fuel credit receivable	<u>465,959</u>
Total accounts receivable	<u>\$ 4,440,321</u>

NOTE 6 – FEDERAL FUNDING ASSISTANCE

OCTA is the designated grant recipient for the Department of Transportation's (DOT) Federal Transit Administration (FTA) Section 5307 Urbanized Area Formula Grant funds and FTA Section 5339 Discretionary Capital Grant funds for Orange County. The Organization has been deemed an eligible subrecipient to receive FTA Section 5307 Urbanized Area Formula Grant funds and FTA Section 5339 Discretionary Capital Grant funds. OCTA and the Organization entered into a cooperative agreement allowing OCTA to pass awarded federal grant funds to the Organization. The Organization will use the federal financial assistance for preventative maintenance on transportation equipment, bus replacement, and other capital projects falling within the compliance guidelines as established by OCTA, FTA, DOT, and other relevant governing bodies.

NOTE 6 – FEDERAL FUNDING ASSISTANCE (Continued)

The subrecipient federal financial assistance is considered to be a reimbursement transaction. In addition, federal funds are first exchanged for local funds before being received by the Organization. Therefore, the nature of funding received is local not federal. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Subrecipient grant receipts and disbursements for the year ended June 30, 2019, was as follows:

	<u>2019</u>
Grant receipts:	
Section 5307 - Urbanized Area Formula Grant	\$ -
Grant disbursements:	
Section 5307 - Urbanized Area Formula Grant	<u>1,375,406</u>
Amount to be refunded	<u>\$ 1,375,406</u>

On April 26, 2018, the Organization received a full grant award for \$28,617,000 from the California State Transit Assistance (CalSTA) Fund, the DOT, and the Transit and Intercity Rail Capital Program (TIRCP). The award would fund forty Zero Emission Buses, MicroTransit Service, and partial funding for the Organization's new facility. The project began in 2019 and will continue through the end of fiscal year 2024.

As of June 30, 2019, the Organization has purchased ten (10) small electric vehicles for micro transit. Grant receipts and disbursements for the year ended June 30, 2019 was as follows:

	<u>2019</u>
Grant receipts:	
TIRCP Grant	\$ -
Grant disbursements:	
TIRCP Grant	<u>480,109</u>
Amount to be refunded	<u>\$ 480,109</u>

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019:

	<u>2019</u>
Land	\$ 2,250,000
Furniture and equipment	993,609
Building and improvements	1,313,713
Vehicles	<u>11,630,527</u>
Total	16,187,849
Less: accumulated depreciation	<u>(8,849,196)</u>
Property and equipment, net	<u>\$ 7,338,653</u>

Depreciation expense for the year ended June 30, 2019, amounted to \$1,409,304.

NOTE 8 – CAPITAL LEASE

On October 21, 2016, the Organization signed a capital lease for four buses for \$2,000,000. The lease will be payable in eighty-four consecutive monthly payments of \$27,421 of both principal and interest, commencing on December 5, 2016, and maturing on November 5, 2023. The lease charges an interest rate of 4.09%. This lease was closed and refinanced with a note payable during December 2018. See Note 9.

NOTE 9 – NOTES AND LOANS PAYABLE

	2019
Loan payable, interest at 3.950% per year beginning January 1, 2015, and payable in 120 monthly installments of \$11,885. Secured by the property at 1354 S. Anaheim Blvd.	\$ -
Loan payable, interest at 5.063% per year beginning January 1, 2019, and payable in 60 monthly installments of \$12,148 with a final payment of \$1,831,913. Secured by the property at 1354 S. Anaheim Blvd.	2,029,365
Loan payable, interest at 4.85% per year beginning January 6, 2019, and payable in 84 monthly installments of \$21,014. Secured by four electric buses.	1,403,538
Total notes and loans payable	\$ 3,432,903

Future principal payments are as follows:

Years Ending June 30,	Property Loan Note Payable Amount	Four Electric Buses Note Payable Amount	Total Amount
2020	\$ 42,305	\$ 187,756	\$ 230,061
2021	44,813	197,582	242,395
2022	47,168	207,381	254,549
2023	49,648	217,665	267,313
2024	1,845,431	228,460	2,073,891
Thereafter	-	364,694	364,694
Total	\$ 2,029,365	\$ 1,403,538	\$ 3,432,903

NOTE 10 – COMMERCIAL CREDIT CARDS

Effective August 1, 2018, the Organization obtained commercial credit cards with a credit card company. The credit limit is \$265,000 with a variable interest rate. Interest shall only be payable if the account is not settled by the monthly due date and becomes past due. As of June 30, 2019, the Organization owed a balance of \$185,372.

Effective December 6, 2018, the Organization obtained commercial credit cards with its bank. The credit limit is \$850,000 with variable interest rate of 9.99%. Interest shall only be payable if the account is not settled by the monthly due date and becomes past due. As of June 30, 2019, the Organization owed a balance of \$301,374.

NOTE 11 – OTHER INCOME

For the year ended June 30, 2019, other income consisted of the following:

	<u>2019</u>
Alternative fuel tax credit	\$ 294,762
Interest income and miscellaneous	<u>24,698</u>
Total	<u>\$ 319,460</u>

NOTE 12 – INVENTORY

Inventory consisted of the following as of June 30, 2019:

	<u>2019</u>
Maintenance parts	\$ 171,833
Bus ticket stock	<u>19,582</u>
Total	<u>\$ 191,415</u>

NOTE 13 – ENVIRONMENTAL CONTINGENT LIABILITY

Contingent liabilities are existing conditions, situations, or a set of circumstances involving uncertainty as to possible gain or loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur.

As of June 30, 2019, the Organization is not aware of any certain contingent environmental liabilities that may eventually result in the payment of substantial monetary claims to third parties. The likelihood of this liability is remote and not reasonably possible to estimate. The Organization does not believe that any environmental contingent liability, if any, will result in material expenses.

These future costs are not fully determinable due to such factors as the unknown magnitude of possible contamination, the unknown timing and extent of corrective actions that may be required, the determination of the Organization's liability in proportion to other responsible parties, and the extent to which such costs are recoverable from third parties.

In addition, the Organization participates in the Special Property Insurance Program (SPIP) with Alliant Insurance Services, Inc. This policy covers accidental contaminations of \$250,000 per occurrence and \$250,000 annually per member with a \$500,000 annual maximum for all members per declaration.

NOTE 14 – RETIREMENT PLAN

The Organization maintains a qualified 403(b) Plan (the Plan). Employees are eligible to participate in the Plan upon hire. Each employee, after entering the Plan, is eligible to make elective salary deferrals up to the maximum deferral each year as permitted by federal law based on the employee's age.

Starting January 1, 2016, the Organization provides a matching contribution up to 2.5% of an employee's salaries and wages. Employees must contribute to the Plan in order to be eligible to receive the match. For the year ended June 30, 2019, the Organization contributed \$20,288.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Commitments

The Organization leases its administration office and ticket window at ARTIC from the City of Anaheim as well as a parking lot for buses. The Organization paid \$42,912 in rent expense for the facility for the year ended June 30, 2019.

In addition, the Organization leases numerous pieces of equipment. The Organization paid \$32,894 in lease payments on equipment for the year ended June 30, 2019.

Future minimum lease payments for the next five years are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2020	<u>\$ 4,166</u>
Total	<u>\$ 4,166</u>

The Organization leases its Liquefied Natural Gas (LNG) fuel tank under an operating lease. The monthly fee is based on fuel usage and current fuel costs. For the year ended June 30, 2019, the Organization paid \$407,296 in fees under this lease.

The Organization has placed an order for forty-two (42) electric battery operated zero emissions buses in May 2019. The buses are in the process of being built as of year-end. See Note 6 for Federal Funding Assistance for more information.

Contingencies

Grant awards require the fulfillment of certain conditions as set forth in the instruments of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since, by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 16 – SUBSEQUENT EVENTS

Management of the Organization has evaluated its financial position and activities from the June 30, 2019 year-end of this report through November 20, 2019, which is the date the financial statements were available to be issued.

Subsequent to year-end June 30, 2019, and prior to the report issuance, the Organization accepted funding from the FTA for 2019 Low or No Emission Vehicle Program 5339(c) and executed a Cooperative Pass-Through Funding Agreement with Southern California Association of Governments (SCAG) for \$2,000,000.

The Organization approved procuring Construction Services Agreements to build a new solar-powered maintenance facility to accommodate the new fleet of vehicles not to exceed \$11,000,000. Refer to Note 14 Commitments and Contingencies for purchase of buses and vehicles.

No other material subsequent event items that required recognition or disclosure were identified.

CONSOLIDATED SUPPLEMENTARY INFORMATION

**ANAHEIM TRANSPORTATION NETWORK
SCHEDULE I – CONSOLIDATED STATEMENT OF ART,
GRANT, AND PROGRAM REVENUES AND MEMBERSHIP DUES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	<u>2019</u>	<u>2018</u>
ART revenues:		
Route 20 assessments	\$ 7,023,744	\$ 6,361,836
ART ticket sales	4,215,508	4,120,124
Hotel and retail assessments	2,584,698	2,437,710
Advertising	571,730	817,131
Group sales	412,077	389,866
Kiosk lease	89,500	108,500
Metrolink Route 15	2,822	3,278
Amtrak	<u>16,900</u>	<u>22,008</u>
 Total ART revenues	 <u>14,916,979</u>	 <u>14,260,453</u>
Grant revenues:		
Local grants:		
Section 5339	181,371	91,000
Section 5307	748,330	749,818
Local grants (ATID, Costa Mesa, Center City Anaheim)	534,978	884,336
TIRCP Grant	<u>477,095</u>	<u>-</u>
 Total grant revenues	 <u>1,941,774</u>	 <u>1,725,154</u>
Program revenues:		
Downtown bus service	88,935	284,389
Rideshare transit passes	4,119	5,645
Costa Mesa service	-	78,993
Commuter incentives	<u>-</u>	<u>9,488</u>
 Total program revenues	 <u>93,054</u>	 <u>378,515</u>
Membership dues	<u>64,158</u>	<u>57,448</u>
 Total ART, grant, and program revenues and membership dues	 <u>\$ 17,015,965</u>	 <u>\$ 16,421,570</u>

See accompanying independent auditor's report and notes to the consolidated financial statements.

**ANAHEIM TRANSPORTATION NETWORK
SCHEDULE II – CONSOLIDATED STATEMENT OF OTHER INCOME
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR 2018)**

	2019	2018
Other income		
Alternative fuel tax credit	\$ 294,762	\$ 392,817
Miscellaneous and interest income	24,698	3,920
Gain on disposal of equipment	-	3,036
	\$ 319,460	\$ 399,773
Total other income	\$ 319,460	\$ 399,773

See accompanying independent auditor's report and notes to the consolidated financial statements.



Appendix 4

2022 Work Program & Legislative Priorities

2022



ATN

Anaheim Transportation Network

2022 INITIATIVES



ATN MISSION STATEMENT

The Anaheim Transportation Network's mission is to enhance transportation options by delivering reliable and efficient mobility solutions. Our commitment to customers focuses on integrity, customer service, a can-do spirit, communication, and partnerships. Our goal is to provide transportation programs and mobility services to foster a positive environment for everyone who lives, works, or visits the greater Anaheim area.



1 INTERNAL PRIORITIES

REBUILD, REBUILD, REBUILD

ATN WORKFORCE

- Look into optimal staffing solutions and organizational structure
- Enhance customer service centric approach to build culture of safety

MULTI-MODAL SERVICE PROVISION METHODOLOGY

- Continue to re-evaluate fixed route operations
- Expand availability of deviated fixed route options
- Expand microtransit and on-demand offerings, including service to John Wayne Airport
- Offer mobile payment and trip planning options

ATN AND CONTRACTED WORKFORCE

- Develop strategies to return ATN workforce to pre-pandemic levels
- Encourage efforts to return Contractor's workforce to pre-pandemic levels

2 EXTERNAL PRIORITIES

Deliver ATN Capital Projects

- Fleet Electrification
- Facility Relocation



Pursue All Applicable Grant Opportunities

- Work with Mayor's Transportation Task Force to advance planning and transportation priorities for the Anaheim Resort®, The Platinum Triangle™ and Center City Anaheim
- Begin public outreach for future sustainable revenue structure for The Anaheim Resort®, The Platinum Triangle™, and Center City Anaheim

Advance Legislative Agenda

- Continue to pursue sustainable funding sources for ATN's current and future operations
- Work with legislative delegations to secure viable long-term financial future

2022 Strategic Priorities

- Advance *#ElectrifyAnaheim* initiatives and technology deployment to expand mobility paradigm for the Anaheim community

3 SAFETY AND SECURITY - FIRST



Transit services provided by ATN are one of the safest transportation choices. ATN will pursue efforts to build on the culture of safety and security

GOAL:

Promote, develop and support continuous improvement of safe and secure public transportation services

STRATEGIES:

- Full compliance GBAC certification guidelines
- Develop Emergency Operations Plans in coordination with the City of Anaheim and key community partners
- Maintain a culture of safety among the entire workforce



4 CHAMPION TRANSPORTATION INITIATIVES AND INVESTMENTS FOR ANAHEIM COMMUNITY

ATN's fundamental charge is to make a compelling case that transportation services are communities' links to jobs and economic opportunities. Support environmental stewardship to provide healthier environment for Anaheim neighborhoods

GOAL:

Responsible advocacy to ensure long-term federal, state, local funding mechanisms that promote and advance project delivery to support private endeavors and ATN business membership's opportunities for success

- Make the case for long-term federal, state and local funding for ATN's transportation and mobility services
- Continue to effectively position ATN for provision of local transportation solutions
- Activate grassroots initiatives to connect importance of tourism and transportation to build communities' needs for growth and economic development
- Make the case for transportation and mobility services as an economic tool and key element of local growth initiatives. Support local environmental mitigation program, advance future mitigation initiatives to comply with existing franchise standards



5

LEVERAGE MOBILITY AND TECHNOLOGY INNOVATION

Proactively research and ascertain applicability of technology driven solutions to advance mobility technology and software applications to improve customer experience, operational efficiency and establish a framework for future applications

GOAL: Deploy technology options to shape change to enhance ability to gather, share and relay information to connect and strengthen equitable and responsible provision of transportation solutions that enhance knowledgeable decisions combined with single-point payment opportunities

STRATEGIES:

- Connect multi-modal transportation options through information and payment options
- Complete deployment of real-time passenger signage at Anaheim Convention Center and Disneyland® Resort
- Monitor developments of autonomous technologies



6

RESPONSIBLE ADVOCACY

Development of services and ability to expand reach of transportation services depends on resource availability. With the re-authorization of federal transportation bill, new infrastructure funding and State of California transportation and environmental initiatives, continue active discussions with members of our delegations to raise awareness and create opportunities for access to fiscal resources

GOAL: Continue communication with Federal and State representatives to create opportunities for capital funding as well as funding of future transportation services.

Develop tactics to advance legislative initiatives to ensure delivery of services and capital projects

STRATEGIES:

- Promote inclusion of ATN for funding strategies
- Make case for long-term funding needs for transportation
- Maintain and build on existing legislative outreach, education and partnership building

7 SERVICE DELIVERY

Return ATN transportation services, through workforce development and retention strategies, to pre-pandemic levels

GOAL: Develop compensation, work culture, and environment to return to full employment level

Strategies:

- Work with transportation contractor and, as necessary, with labor representatives to re-build our labor force
- Ensure training and retention of qualified labor force



LOCAL LEGISLATIVE PLATFORM – KEY POLICY ISSUES

In 2019, Anaheim Mayor Harry Sidhu formed a Transportation Task Force to develop a comprehensive mobility vision for the City of Anaheim. Even though Task Force work efforts had to be temporarily halted, due to Covid-19 pandemic; the vision and need to develop mobility and connectivity initiatives between Anaheim neighborhoods will continue with:

1. Proposed developments in The Platinum Triangle™ by OCViBE and Angel Baseball;
2. Proposed planning efforts in The Anaheim Resort® through *DisneylandForward*;
3. East/West Corridor transportation solutions;
4. Completion of Mobility Study in The Anaheim Resort®;
5. Specific Plan and Sustainable Transportation Study adoption in Center City Anaheim;
6. Connectivity to/from Orange County Airport;
7. Affordable housing developments along Beach Boulevard Corridor; and
8. Funding priorities made available through federal and state agencies.

These issues, among other priorities will dominate our transportation discussions in the upcoming twelve to eighteen months. The availability of dynamic, multimodal transportation services is central to meeting of our passengers' transit needs, to enhance economic development and vitality of Anaheim.

ATN will continue to play a key role in identifying and defining legislative priorities and funding options to secure sustainable and long-term operations for current and future transportation initiatives in Anaheim.

The following list represent ATN's local legislative priorities to best serve the residents, employees, and visitors of Anaheim, and other communities currently served by ATN:

1. Implement transportation initiatives to re-build ATN family of services to pre-COVID levels;
2. In concert with the Mayor's Transportation Task Force, work to develop and implement local transportation services, along priority corridors, based on the latest available technology;
3. Complete electrification of ATN's fleet under *#ElectrifyAnaheim* initiatives; and
4. Work with ATN Board of Directors and City staff to secure and support efforts to develop mitigation monitoring policy between respective Specific Plans and mitigated areas of Anaheim

ATN 2022 Legislative Platform

The impacts of COVID-19 on our local economy, drastically altered Anaheim Transportation Network's (ATN) focus for the 2022 Legislative Platform. Even though the purpose and the vision of the ATN did not change, service delivery methods for Anaheim Resort Transportation (ART), Free Rides Around the Neighborhood (FRAN) and future ATN services will need to continue to adopt to the new "operating normal", coupled with a need to re-build ridership and workforce to pre-COVID levels.

Revenue diversification is another priority area of consideration for ATN as the agency resumes provision of key mobility solutions in-and-around The Anaheim Resort®, Platinum Triangle™, Center City Anaheim, and surrounding Orange County cities. With guidance and support of the Board of Directors, ATN will focus on the future to resume delivery of high-quality multi-modal transit services for growing residential, employment, as well as business and leisure travel markets.

The proposed 2022 ATN Local, State and Federal Legislative Platform will serve as a framework to guide ATN's policy, administrative, and regulatory activities for the upcoming legislative sessions.

The Key Policy Issues Section offers further guidance on policy direction specific to the Local, State and Federal priorities and initiatives for the ATN. Positions on individual items not directly addressed in this document will be brought to the ATN Executive Committee and, if necessary, to the Board of Directors for discussion and potential action.

State Legislative Platform – Key Policy Positions

In 2017, Governor Brown signed into law Senate Bill 1 (SB1 – Beall) making significant investments in the State’s transportation system. Even though ATN was successful in obtaining SB1 funds under Transit Intercity Rail Capital Program (TIRCP), with codified changes to the Anaheim Municipal Code, through its Franchise Agreement with the City of Anaheim, ATN will continue to seek formula allocations to ensure ongoing operating revenue source.

Securing stable, sustainable, and diversified funding, both grant and formula, will provide greater long-term funding and operational certainty in support of Mayor Sidhu’s Transportation Task Force initiatives, furtherance of new development projects, expansion of MicroTransit services and mobile to connect our destinations, neighborhoods, and employment hubs in support of Anaheim’s economic development priorities.

The following represent ATN’s State legislative priorities to best serve our residents, employees, visitors of Anaheim and other communities currently served by ATN:

1. Pursue efforts to diversify ATN’s revenue sources through equitable share of State transportation, transit, and mobility funds;
2. Support regulatory policy and guidance to continue electrification efforts and growth of zero emission technologies;
3. Should the State of California take measures to adopt new transportation revenue sources and/or modify existing revenue streams, such as user fees, fees for fuel consumption, revenues from enhancements and/or new fees such as Vehicle Miles Traveled (VMT),
4. ATN shall seek inclusionary legislative eligibility language; and Support efforts to encourage and incentivize interoperability of transit systems within California

LEGISLATION

ATN may evaluate sponsoring legislation to obtain codification as an eligible recipient of State Transportation Assistance (STA) funds to advance ATN’s initiatives in support of community’s transit needs. ATN will work with the City of Anaheim, State Legislators, other transportation providers and stakeholders, to identify opportunities to further local transportation and mobility needs of Anaheim citizenry and constituency.

Federal Legislative Platform – Key Policy Positions

Several significant policy issues are expected are making their way through United States Congress, such as reauthorization of surface transportation bill and infrastructure bills. ATN’s Federal Legislative Platform will focus on securing the largest possible share of federal transportation funds through equitable formula allocation, discretionary and competitive funds.

INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA) - INVEST IN AMERICA ACT

Upon completion of the upcoming Sustainability Grant planning efforts, for applicable funding programs to ensure the City of Anaheim, our community, and ATN are ready to provide transportation solutions commensurate with the forthcoming development plans.

A sub-committee of the ATN Board will be established to guide this process and advise accordingly. Consulting team to lead these efforts will be selected by summer 2022.

As such, ATN will advocate to best serve the residents, employees, visitors of Anaheim, and other communities currently served by ATN. ATN and its advocacy team will seek policy and funding priorities to:

1. Seek the greatest possible allocation of federal transportation funds focusing on an increased share of formula funds for the ATN;
2. Pursue eligibility of grant submission directly to the applicable federal agencies;
3. Support efforts to clarify roles for state and local transportation providers for development of innovative funding strategies to improve mobility, i.e., Private Public Partnerships (P3); and
4. Advocate policies that advance zero emission, multi-modal project planning and delivery methods.

