

**Audited Financial Statements  
and Supplementary Information  
AltaMed Health Services Corporation  
*As of and for the Years ended April 30, 2014 and 2013  
with Report of Independent Auditors***

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## Report of Independent Auditors

### Board of Directors AltaMed Health Services Corporation

#### Report on the Financial Statements

We have audited the accompanying financial statements of AltaMed Health Services Corporation, a California nonprofit corporation, which comprise the statements of financial position as of April 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AltaMed Health Services Corporation as of April 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2014 on our consideration of AltaMed Health Services Corporation'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 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 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 AltaMed Health Services Corporation's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Vasquez & Company LLP". The signature is written in a cursive, flowing style.

**Los Angeles, California  
August 28, 2014**

**AltaMed Health Services Corporation**  
**Statements of Financial Position**

ASSETS	April 30	
	2014	2013
<b>Current assets</b>		
Cash and cash equivalents	\$ 46,151,591	\$ 33,907,067
Marketable securities	59,650,848	22,787,835
Grants and contracts receivable	4,325,086	4,205,738
Patient accounts receivable - net of allowance for bad debts of \$4,825,368 and \$3,503,856 in 2014 and 2013, respectively	31,762,564	19,611,319
Managed care receivables	7,349,913	5,378,094
Contribution and other receivables	2,119,797	1,516,830
Notes receivable	8,191,747	8,074,943
Inventories	537,703	254,270
Prepaid expenses	2,103,620	1,479,781
<b>Total current assets</b>	<b>162,192,869</b>	<b>97,215,877</b>
<b>Noncurrent assets</b>		
Property and equipment - net	69,544,349	54,606,141
Loans and accrued interest receivable	11,726,782	7,451,738
Investments	3,215,390	2,420,998
Assets limited as to use	1,269,707	1,269,336
Deposits	676,423	656,406
Deferred financing costs	95,688	68,730
<b>Total assets</b>	<b>\$ 248,721,208</b>	<b>\$ 163,689,226</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Bank revolving line of credit	\$ 5,000,000	\$ 5,000,000
Accounts payable and accrued expenses	16,057,401	12,199,946
Accrued salaries and employee benefits	6,548,270	7,762,616
Accrued vacation	6,125,981	5,290,647
Estimated payables to third-party payor	10,974,926	4,761,585
Claims payable	18,115,034	11,724,080
Grant and contract advances	2,059,670	1,400,757
Current portion of facility lease payable	251,597	407,687
Current portion of long-term debt	1,117,918	688,036
<b>Total current liabilities</b>	<b>66,250,797</b>	<b>49,235,354</b>
<b>Noncurrent liabilities</b>		
Facility lease payable, net of current portion	331,522	331,522
Interest rate swap	1,054,548	1,510,653
Long-term debt, net of current portion	9,498,236	9,350,634
Other long-term liabilities	1,417,576	909,059
<b>Total noncurrent liabilities</b>	<b>12,301,882</b>	<b>12,101,868</b>
<b>Total liabilities</b>	<b>78,552,679</b>	<b>61,337,222</b>
<b>Net assets</b>		
Unrestricted	167,592,063	99,928,494
Temporarily restricted	2,576,466	2,423,510
<b>Total net assets</b>	<b>170,168,529</b>	<b>102,352,004</b>
<b>Total liabilities and net assets</b>	<b>\$ 248,721,208</b>	<b>\$ 163,689,226</b>

*See notes to financial statements*

**AltaMed Health Services Corporation**  
**Statements of Activities**

	<b>Years ended April 30</b>	
	<b>2014</b>	<b>2013</b>
<b>Changes in unrestricted net assets</b>		
<b>Unrestricted revenues, gains and other support</b>		
Patient service revenue (net of contractual allowances)	\$ 159,155,974	\$ 109,370,021
Provision for bad debts	<u>(4,821,636)</u>	<u>(2,928,781)</u>
Net patient service revenue	154,334,338	106,441,240
Managed care contracts	179,661,968	138,269,644
Government grants and contracts	22,307,603	20,835,316
Pharmacy revenue	16,373,222	12,100,550
Contributions and other support	1,757,191	1,398,895
Other income	<u>1,887,342</u>	<u>1,695,468</u>
Total unrestricted revenue, gains and other support before net assets released from restriction	376,321,664	280,741,113
<b>Net assets released from restrictions</b>		
Restrictions satisfied	<u>341,678</u>	<u>1,278,456</u>
<b>Total unrestricted revenues, gains, and other support</b>	<u><b>376,663,342</b></u>	<u><b>282,019,569</b></u>
<b>Expenses</b>		
Program expenses		
Medical services	183,666,054	150,575,513
Dental services	11,011,819	8,615,620
Senior services	96,113,826	87,486,848
Drug abuse programs	952,372	923,917
HIV/AIDS programs	17,129,755	15,303,160
Teen programs	<u>3,292,843</u>	<u>3,022,301</u>
<b>Total program expenses</b>	312,166,669	265,927,359
Fundraising	1,136,702	1,057,296
General administration	<u>62,960</u>	<u>357,807</u>
<b>Total expenses</b>	<u><b>313,366,331</b></u>	<u><b>267,342,462</b></u>
<b>Change in unrestricted net assets before other gains and losses</b>	<u><b>63,297,011</b></u>	<u><b>14,677,107</b></u>
<b>Other gains and losses - net</b>		
Change in fair value of marketable securities and investments	2,193,817	511,894
Change in fair value of interest rate swap	456,105	23,614
Interest and dividends	1,833,561	1,488,952
Loss from disposal of property and equipment	<u>(116,925)</u>	<u>(1,654,809)</u>
<b>Other gains and losses - net</b>	<u><b>4,366,558</b></u>	<u><b>369,651</b></u>
<b>Change in unrestricted net assets</b>	<u><b>67,663,569</b></u>	<u><b>15,046,758</b></u>
<b>Changes in temporarily restricted net assets</b>		
Contributions and other support	494,634	242,782
Net assets released from restrictions	<u>(341,678)</u>	<u>(1,278,456)</u>
<b>Change in temporarily restricted net assets</b>	<u><b>152,956</b></u>	<u><b>(1,035,674)</b></u>
<b>Change in net assets</b>	<b>67,816,525</b>	<b>14,011,084</b>
<b>Net assets</b>		
Beginning of year	<u>102,352,004</u>	<u>88,340,920</u>
End of year	<u><b>\$ 170,168,529</b></u>	<u><b>\$ 102,352,004</b></u>

See notes to financial statements.

**AltaMed Health Services Corporation**  
**Statements of Cash Flows**

	Years ended April 30	
	2014	2013
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 67,816,525	\$ 14,011,084
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	7,556,930	6,494,553
Loss from disposal of property and equipment	116,925	1,654,809
Amortization of intangible assets	83,342	-
Equity loss in Arlington Insurance Company, Ltd.	750,267	788,590
Change in fair value of marketable equity securities and investments - net	(2,944,084)	1,235,870
Change in fair value of interest rate swap	(456,105)	(23,614)
Provision for bad debts	4,821,636	2,928,781
Loan forgiveness	58,336	118,444
Changes in operating assets and liabilities:		
Grants and contracts receivable	(119,348)	(459,276)
Patient accounts receivable	(16,972,881)	(8,807,120)
Managed care receivables	(1,971,819)	(4,440,873)
Contribution and other receivables	(602,967)	693,121
Inventories	(283,433)	123,833
Prepaid expenses	(107,181)	(240,508)
Deposits	(20,017)	(71,521)
Interest on loans receivable	(258,592)	(155,776)
Accounts payable and accrued expenses	3,857,454	2,783,832
Accrued salaries and employee benefits	(1,214,346)	1,121,806
Accrued vacation	835,334	545,970
Estimated payables to third-party payors	6,213,391	1,282,135
Claims payable	6,390,954	1,811,326
Grant and contract advances	658,913	118,420
Facility lease payable	(156,090)	(338,404)
Other liabilities	508,517	415,165
<b>Net cash provided by operating activities</b>	<b>74,561,661</b>	<b>21,590,647</b>
<b>Cash flows from investing activities:</b>		
Increase in assets limited as to use	(371)	(330)
Net purchase of marketable securities and other investments	(35,463,637)	(1,199,324)
Issuance of notes receivable	(175,140)	(72,127)
Loans receivable	(4,016,452)	(4,016,452)
Purchase of property and equipment	(22,612,063)	(10,816,019)
Purchase of medical practice	(600,000)	-
<b>Cash used in investing activities</b>	<b>(62,867,663)</b>	<b>(16,104,252)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term debt	1,509,068	1,089,692
Payment of long-term debt	(931,584)	(845,900)
Payment of capitalized lease obligations	-	(29,995)
Financing cost	(26,958)	(10,280)
<b>Net cash provided by financing activities</b>	<b>550,526</b>	<b>203,517</b>
<b>Net change in cash and cash equivalents</b>	<b>12,244,524</b>	<b>5,689,912</b>
Cash and cash equivalents at beginning of year	33,907,067	28,217,155
Cash and cash equivalents at end of year	\$ 46,151,591	\$ 33,907,067
<b>Supplemental disclosure</b>		
Interest paid during the year	\$ 698,457	\$ 553,758

*See notes to financial statements.*

**NOTE 1 ORGANIZATION PROFILE**

AltaMed Health Services Corporation (AltaMed) is a 501(c)(3) non-profit community health center founded in 1969 as a volunteer-staffed, storefront clinic in East Los Angeles. Today, AltaMed has matured to become the largest Federally Qualified Health Center (FQHC) in California with 23 primary care clinics, 6 oral health service sites, and 6 Program of All-Inclusive Care for the Elderly (PACE) sites. Fully accredited by The Joint Commission, AltaMed provides a medical and dental home to over 150,000 predominantly low-income Latino families from underserved communities across Los Angeles and Orange Counties.

AltaMed's mission is *"To eliminate disparities in health care access and outcomes by providing superior quality health and human services through an integrated world-class delivery system for Latino, multi-ethnic and underserved communities in Southern California."* Enhancing its provision of primary health care and dental care, AltaMed also develops, supports and administers social and human service programs. Services include chronic disease management; frail and disabled adult and senior care; HIV treatment and adherence; drug abuse treatment and prevention; after-school tutorial and mentoring services for at-risk youth; employment and internship opportunities; and multi-sectoral collaborations and linkages with other community service organizations. AltaMed's social service programs include HIV/AIDS prevention services; health education and wellness promotion; substance abuse treatment and prevention; parenting and pregnant teen programs; and youth outreach services.

During the years ended April 30, 2014 and 2013, AltaMed received the following mix of revenues from grantors, patients and third-party payors:

	2014	2013
Federal and state grants and contracts	6%	8%
Patient fees (primarily Medi-Cal and Medicare)	41%	38%
Managed care contracts	48%	49%
Other	5%	5%
	100%	100%

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimation include: valuation allowances on receivables, useful lives for property and equipment, estimates for claims incurred but not reported, estimated amount of settlements related to reconciliation and cost report audits to be performed for the fiscal years 2005 through 2013, and valuation of investments and interest rate swap. Actual results could differ from these estimates.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting Records**

The accounts of AltaMed are maintained on the accrual basis of accounting for financial reporting purposes.

**Cash and Cash Equivalents**

Cash and cash equivalents are short-term, highly liquid investments with maturities of three months or less at the time of purchase. Cash equivalents exclude amounts whose use is limited by arrangements under trust agreements.

**Marketable Securities and Other Investments**

Investments in marketable securities with readily determinable fair values and investments in debt securities are measured at fair value, based upon publicly quoted market prices or quotations of similar securities.

Investment in workers' compensation captive insurance company is accounted for using equity method of accounting.

**Patient Accounts Receivable**

Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, AltaMed analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, AltaMed analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), AltaMed records a provision for uncollectible accounts in the period of services on the basis of its past experience. The difference between the standard rates (or the discounted rates if negotiated or provided by the sliding fee or other policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

AltaMed's allowance for doubtful accounts for self-pay patients did not significantly change from the previous year.

**Inventories**

Inventories which consist of pharmacy supplies are stated at the lower of cost or market on a first-in, first-out basis.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets Limited as to Use**

Assets limited as to use primarily include assets held in a trust account as additional security for the certificates of participation and lines of credit, which amounted to \$575,790 and \$575,419 as of April 30, 2014 and 2013, respectively. In addition, cash held in trust related to the California Statewide Communities Development Authority (CSCDA) Series 2007 Revenue Bonds amounted to \$693,917 and \$693,917 as of April 30, 2014 and 2013, respectively.

**Property and Equipment**

Purchased property and equipment are recorded at cost or, if donated, at fair value at date of donation. Provision for depreciation and amortization is computed on the straight-line method over the estimated useful lives of the properties or life of the lease, whichever is shorter, as follows:

Buildings and improvements	30 years
Furniture and equipment	3-5 years
Leasehold improvements	3-10 years
Transportation equipment	5 years

Maintenance, repairs, and investments in minor equipment are charged to operations. Expenditures that will materially increase the value of properties or extend useful lives are capitalized.

Property acquired with federal funds is considered to be owned by AltaMed while used in the program(s) for which it was purchased or in other future authorized programs. Its disposition as well as the ownership of any proceeds therefrom is subject to federal regulations.

**Unrestricted Net Assets**

Contributions and allocations, the uses of which are not restricted by donors or grantors, are recorded in unrestricted net assets.

**Temporarily Restricted Net Assets**

Contributions and allocations, the uses of which are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of AltaMed pursuant to those stipulations, are recorded as temporarily restricted net assets. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

**Permanently Restricted Net Assets**

Permanently restricted net assets are restricted by donors to be maintained by AltaMed in perpetuity. There were no permanently restricted net assets at April 30, 2014 and 2013.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payors. These retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and are adjusted in future periods as final settlements are determined.

Revenue from cost reimbursable grants and contracts is recorded to the extent of expenses incurred applicable to the grant or contract. Any difference between expenses incurred and the total funds received (not to exceed the grant or contract maximum) is recorded as a receivable or an advance whichever is applicable. Revenue from other grants is recognized on an accrual basis as earned according to the provisions of the grant.

AltaMed is a participant in Section 340B Drug Pricing program. Payment arrangements include contracted calculations based upon discounted prices. Pharmacy revenue is reported at estimated net realizable amounts from sales to patients, third-party payors, and others.

**Contributions**

Contributions primarily include unconditional promises to give cash or other assets. Contributions, whether temporarily restricted or unrestricted, are recognized as revenue when they are received. Unconditional promises to give are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received or when the conditions expire, whichever occurs first.

**Income Taxes**

AltaMed is a nonprofit corporation exempt from the payment of income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d).

AltaMed has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to AltaMed's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

AltaMed's income tax returns remain subject to examination for all tax years ended on or after April 30, 2009 with regard to all tax positions and results reported.

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interest Rate Swap**

AltaMed has an interest rate swap to hedge against cash flow fluctuations on its long-term debt. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification 815 (ASC 815), Accounting for Derivative Instruments and Hedging Activities, the interest rate swap is measured at fair value and recognized as either asset or liability in the statements of financial position. The change in fair value of the swap is recognized as gains or losses in the period of change.

**Fair Value Measurements**

AltaMed adopted ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Assets and liabilities are measured at fair value using a three-level fair value hierarchy that ranks the quality and reliability of the information used to measure fair value. The three levels of inputs used to measure fair value are as follows:

*Level 1:* Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

*Level 2:* Pricing inputs are other than quoted prices in active markets included in level 1, which are either directly or indirectly observable as of the reporting date.

*Level 3:* Pricing inputs include significant inputs that are generally unobservable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. All assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently and therefore have little or no price transparency are classified as Level 3.

AltaMed's financial assets and liabilities include primarily cash and cash equivalents, investments, receivables, accounts payable and accrued liabilities. Because of the short-term nature of the cash, investments, receivables, accounts payable and accrued liabilities, the carrying amounts of these assets and liabilities approximate their fair value.

**AltaMed Health Services Corporation**  
**Notes to Financial Statements**  
**Years ended April 30, 2014 and 2013**

**NOTE 3 MARKETABLE SECURITIES AND OTHER INVESTMENTS**

At April 30, 2014 and 2013, AltaMed's investments consisted of the following:

	<u>Type</u>	<u>2014</u>	<u>%</u>	<u>2013</u>	<u>%</u>
<b>Equity Securities</b>					
Domestic Equity	U.S. Large Cap Equity	\$ 23,291,477	37%	\$ 6,797,608	27%
Domestic Equity	U.S. Small/Mid Cap Equity	13,671,085	22%	4,078,565	16%
International Equity	Developed Non-U.S. Equity	13,671,085	22%	2,719,043	11%
		<u>50,633,647</u>	<u>81%</u>	<u>13,595,216</u>	<u>54%</u>
<b>Absolute Return/ Fixed Income</b>					
Fixed Income	Taxable Government and Government Sponsored Enterprise/Corporate Bonds	9,017,201	14%	9,192,619	36%
	<b>Total Marketable Securities</b>	<u>59,650,848</u>	<u>95%</u>	<u>22,787,835</u>	<u>90%</u>
<b>Other Investments</b>					
Equity investment - investment in Arlington Insurance Company, Ltd. (Note 7)		1,804,363	3%	1,512,948	6%
Investment in SERP (Note 18)		822,413	1%	751,772	3%
Investment in 457(b) plan		586,304	1%	153,150	1%
Investment in Partnership		2,310	0%	3,128	0%
	<b>Total Other Investments</b>	<u>3,215,390</u>	<u>5%</u>	<u>2,420,998</u>	<u>10%</u>
		<u>\$ 62,866,238</u>	<u>100%</u>	<u>\$ 25,208,833</u>	<u>100%</u>

The following table presents investments that were accounted for at fair value on a recurring basis as of April 30 by level within the fair value hierarchy:

	<u>2014</u>	<u>2013</u>
Quoted Prices in Active Markets (Level 1)	\$ 59,650,848	\$ 22,787,835
Significant Unobservable Inputs (Level 3)	3,215,390	2,420,998
	<u>\$ 62,866,238</u>	<u>\$ 25,208,833</u>

The level 3 investments consist primarily of AltaMed's investments in workers' compensation captive insurance company, 457(b) plan and SERP in 2014 and 2013.

A reconciliation of investments in which significant unobservable inputs (level 3) were used in determining fair value is as follows:

	<u>2014</u>	<u>2013</u>
Balance, May 1	\$ 2,420,998	\$ 2,803,761
Net change in value of investments	(770,957)	(713,037)
Purchase of investments	1,565,349	330,274
Balance, April 30	<u>\$ 3,215,390</u>	<u>\$ 2,420,998</u>

**NOTE 4            NOTE RECEIVABLE**

In September 2009, AltaMed entered into a Note Receivable (the "Note"), collateralized by a Deed of Trust, with a certain property developer, Camfield Partners, LLC. (the "Developer") for an amount up to \$8,000,000. Subsequent to the issuance of the Note, AltaMed agreed to subordinate the Deed of Trust to deeds of trust executed by the Developer to secure the construction loan described in Note 12. AltaMed and the Developer have entered into a separate Build to Suit Lease Agreement (the "Lease") dated August 6, 2009, as further discussed in Note 14. The Note bears interest at 8.43% annually, which will commence to accrue on the Term Commencement Date as defined in the Lease. Advances under the Note were used for land acquisition, entitlement, design, permitting and construction of the building to serve as AltaMed's corporate office as defined under the Lease.

Principal together with all accrued and unpaid interest shall be due and payable on the expiration or earlier termination of the Lease except for an earlier termination caused solely by a default by Holder as Tenant under the Lease which occurs and continues after any applicable notice thereof and the expiration of any curative period.

As of April 30, 2014 and 2013, the note outstanding was \$8,000,000, to which interest is paid monthly. There is no accrued interest as of April 30, 2014 and 2013.

**NOTE 5            PROPERTY AND EQUIPMENT**

At April 30, 2014 and 2013, property and equipment are composed of the following:

	<b>2014</b>	<b>2013</b>
Land	<b>\$ 8,631,587</b>	\$ 8,631,587
Buildings and improvements	<b>38,857,200</b>	27,515,222
Construction in progress	<b>19,962,202</b>	9,601,712
Furniture and equipment	<b>30,366,297</b>	30,034,783
Transportation equipment	<b>2,805,379</b>	2,805,379
Leasehold improvements	<b>8,345,241</b>	8,492,918
	<b>108,967,906</b>	87,081,601
Less accumulated depreciation and amortization	<b>39,423,557</b>	32,475,460
	<b>\$ 69,544,349</b>	\$ 54,606,141

Provision for depreciation and amortization for the years ended April 30, 2014 and 2013, amounted to \$7,556,930 and \$6,494,553, respectively.

**NOTE 6           INSURANCE PLAN**

On October 27, 2011, the Board of Directors of AltaMed approved a split-dollar retention and loan plan effective on November 1, 2011. The purpose of the plan is to attract and retain qualified key employees by lending them funds to pay annual premiums for life insurance policies to be used to provide death benefits and retirement income. The funds provided by AltaMed to the key employees are treated as a series of non-recourse loans the repayment of which is secured by collateral assignment of the cash surrender values and death benefits of the life insurance policies. The loans are payable with accrued interest based on the long-term annual applicable federal rate. AltaMed has no obligation to lend funds or to make any premium payments with respect to any policy that becomes due after the end of the premium payment period for that policy which ends on the earlier of (a) the death of the employee or (b) the date the employee's employment is terminated.

In the event the employee voluntarily terminates their participation in the plan, the employee is required to repay AltaMed the cumulative premiums plus accrued interest through date of termination. The repayment will be made in full either by the insurer directly out of the cash surrender value of the policy and/or by other cash payment by the employee, unless agreed to otherwise by AltaMed and the employee in writing.

The loans under the collateral assignment split-dollar arrangement as of April 30, 2014 and 2013, totaled \$11,726,782 and \$7,451,738, respectively, including interest receivable of \$447,426 and \$188,834, respectively.

**NOTE 7           INVESTMENT IN CAPTIVE INSURANCE**

AltaMed maintains a self-insurance program for workers' compensation, under a segregated accounts captive insurance company, Arlington Insurance Company, Ltd. ("Arlington"). Arlington enters into agreements with the owners of the segregated accounts to insure and reinsure for workers compensation risk. AltaMed has its own respective segregated account, to which it invested \$1,591,682 in redeemable non-voting preferred shares. AltaMed has adopted the equity method in accounting for its investment in the segregated account.

Funding of the self-insurance program is obtained through monthly premiums paid by AltaMed, which are held in the segregated account to pay claims. Monthly premiums which are retrospectively rated are based upon loss experience plus the cost of operating Arlington. Total premiums paid for the years ended April 30, 2014 and 2013 were \$2,940,323 and \$2,820,064, respectively, and are included in the accompanying Statement of Activities.

Assets, liabilities, revenues, expenses and losses relating to the account owners' participation in the insurance and reinsurance programs are accumulated in the segregated accounts. AltaMed, as an account owner, is not entitled to share in any profits other than those that accrue in its individual account.

**AltaMed Health Services Corporation**  
**Notes to Financial Statements**  
**Years ended April 30, 2014 and 2013**

**NOTE 7 INVESTMENT IN CAPTIVE INSURANCE (CONTINUED)**

Details of AltaMed's investment in its segregated account as of April 30 are as follows:

	<b>2014</b>	<b>2013</b>
Total assets	<b>\$ 8,962,233</b>	<b>\$ 7,611,173</b>
Total reserves and other liabilities	<b>\$ 7,157,870</b>	<b>\$ 6,098,225</b>
Accumulated segregated accounts surplus	<b>1,804,363</b>	<b>1,512,948</b>
Total liabilities and segregated accounts surplus	<b>\$ 8,962,233</b>	<b>\$ 7,611,173</b>

**NOTE 8 LONG-TERM DEBT**

A summary of long-term debt at April 30, 2014 and 2013 is as follows:

	<b>2014</b>	<b>2013</b>
<ul style="list-style-type: none"> <li>• California Statewide Communities Development Authority (CSCDA) Series 2007 Revenue Bonds, \$2,000,000 at 3% and \$7,012,000 at 80% of 1-month LIBOR, plus 120 basis points, due December 1, 2012 and 2022, respectively. Interest and principal payments are due monthly. Of the aggregate principal amount of \$9,012,500, \$7,012,500 is collateralized by a real property owned by AltaMed in the City of El Monte and \$2,000,000 is collateralized by equipment and other goods financed with the equipment bond. The debt is subject to certain covenants and restrictions with which Altamed must comply.</li> </ul>	<b>\$ 6,051,051</b>	<b>\$ 6,227,149</b>
<ul style="list-style-type: none"> <li>• California Statewide Communities Development Authority 2000 Refunding Pool Insured Certificates of Participation at 5.9% due August 1, 2021. Total monthly installment of interest and principal payments approximate \$36,000. The debt is collateralized by land and building costing \$5,661,784 and subject to certain covenants and restrictions with which AltaMed must comply. As of April 30, 2014 and 2013, the trustee held \$433,000 as additional security for payment of the Certificates of Participation.</li> </ul>	<b>2,506,008</b>	<b>2,765,000</b>
<ul style="list-style-type: none"> <li>• Note payable for automobiles purchased under an equipment financing agreement entered into on March 9, 2009 with a bank. Terms of the agreement require monthly payments of \$3,402 through February 2014, at an implicit rate of 5.37% per annum.</li> </ul>	-	<b>33,201</b>
<ul style="list-style-type: none"> <li>• Notes payable for equipment purchased under an equipment financing agreement entered into during fiscal year 2012/2013 with a bank. Terms of the agreement require monthly payments ranging from \$3,382 to \$7,370 through February 2018, at implicit rates ranging from 3.25% to 4.23% per annum.</li> </ul>	<b>804,828</b>	<b>1,013,320</b>
<ul style="list-style-type: none"> <li>• Notes payable for equipment purchased under an equipment financing agreement entered into during fiscal year 2013/2014 with a bank. Terms of the agreement require monthly payments of \$17,387 and \$20,413, maturing in September 2016 and August 2017, at implicit rates of 3.38% to 3.45% per annum.</li> </ul>	<b>1,254,267</b>	-
Total long-term debt	<b>10,616,154</b>	<b>10,038,670</b>
Less current portion	<b>1,117,918</b>	<b>688,036</b>
Noncurrent portion \$	<b>9,498,236</b>	<b>\$ 9,350,634</b>

**NOTE 8            LONG-TERM DEBT (CONTINUED)**

On December 1, 2007, California Statewide Communities Development Authority (CSCDA) issued CSCDA Revenue Bonds (AltaMed Health Services Corporation) Series 2007, proceeds of which were used to finance the cost of acquisition, construction, improvement and equipping of certain facilities. In connection with the issuance of the CSCDA Series 2007 Revenue Bonds and in an effort to reduce its interest costs, AltaMed entered into an interest rate swap agreement (see Note 10).

Scheduled principal repayments on long-term debt are as follows:

Year ending April 30	Amount
2015	\$ 1,117,918
2016	1,158,977
2017	1,083,260
2018	777,141
2019	594,402
Thereafter	5,884,456
Total	\$ 10,616,154

Interest on long-term debt charged as expense amounted to \$698,457 and \$553,758, respectively, for the years ended April 30, 2014 and 2013.

**NOTE 9            LINE OF CREDIT**

On April 16, 2012, AltaMed entered into a line of credit agreement expiring in May 2014 with a financial institution that provides for secured borrowings up to \$3,000,000, at a rate equal to 0.250 percentage points over the prime rate. As of April 30, 2014 and 2013, the amount outstanding on the line of credit was \$2,059,095 and \$1,046,521, respectively, recorded under long-term debt (see Note 8). The outstanding loans under the line of credit have converted to term notes upon expiration.

On February 14, 2011, AltaMed entered into a revolving line of credit agreement with another financial institution that provides an unsecured borrowing up to \$5,000,000. The revolving line of credit expires on January 30, 2015. Interest is computed using the LIBOR rate or the BBA LIBOR daily floating rate upon election of AltaMed. As of April 30, 2014 and 2013, the amount outstanding on the line of credit amounted to \$5,000,000.

**NOTE 10          INTEREST RATE SWAP AGREEMENT**

In December 2007, AltaMed executed an interest rate swap agreement with Bank of the West to minimize debt service cost on the CSCDA Series 2007 Revenue Bonds by achieving a synthetic fixed rate payment to the swap counterparty, and then receive a variable rate payment from the swap counterparty that would effectively offset the payment on the underlying variable rate bonds.

**NOTE 10 INTEREST RATE SWAP AGREEMENT (CONTINUED)**

Under the swap agreement, AltaMed pays Bank of the West a fixed rate of 5.59% and receives from Bank of the West a variable payment equal to 80% of one-month LIBOR plus 120 basis points on the outstanding principal. The details of the swap are as follows:

Notional amount	-	\$6,227,149
Fixed interest rate	-	5.59%
Floating rate based on % of (USD-Libor-BBA)	-	80% of 1 month LIBOR
Effective date	-	December 14, 2007
Termination date	-	December 1, 2022

As of April 30, 2014 and 2013, a swap liability of \$1,054,548 and \$1,510,653, respectively, is recorded as part of AltaMed's noncurrent liabilities. The fair values were the quoted market prices at April 30, 2014 and 2013.

The swap counterparty was rated A/Stable by Standard & Poor's as of April 30, 2014.

**NOTE 11 TEMPORARILY RESTRICTED NET ASSETS**

At April 30, 2014 and 2013, temporarily restricted net assets are available for future periods as follows:

	<u>2014</u>	<u>2013</u>
Donated property	\$ 2,004,383	\$ 2,031,412
Contributions received for various programs	<u>572,083</u>	<u>392,098</u>
	<u>\$ 2,576,466</u>	<u>\$ 2,423,510</u>

**NOTE 12 COMMITMENTS**

AltaMed occupies certain facilities and leases certain equipment under both month-to-month and long-term lease agreements expiring through February 2020. Future minimum rental payments under these non-cancelable lease terms in excess of one year at April 30, 2014 are as follows:

<u>Year ending April 30</u>	<u>Amounts</u>
2015	\$ 4,215,235
2016	2,219,139
2017	1,738,141
2018	1,346,001
2019	777,689
2020 and thereafter	<u>492,843</u>
	Total \$ <u>10,789,048</u>

**NOTE 12      COMMITMENTS (CONTINUED)**

The above lease commitments do not include the lease agreement for the new corporate office building discussed in Note 15. For the year ended April 30, 2014, total rent expense amounted to \$8,251,424 and \$857,547 for facilities and equipment, respectively. For the year ended April 30, 2013, total rent expense amounted to \$7,459,509 and \$823,581 for facilities and equipment, respectively.

In March 2012, AltaMed closed seven of its existing Adult Day Healthcare Centers (ADHCs) of which three locations were converted to PACE sites. As a result of the facilities closure, AltaMed ceased utilization of two leased facilities and recognized a liability of \$1,077,613 for the remaining lease obligations through March 2015 as required by ASC 420-10. As of April 30, 2014, the outstanding facilities lease payable amounted to \$583,119.

In connection with the Lease agreement between AltaMed and the Developer discussed in Note 14, the Developer entered into a Construction Loan Agreement (the "Loan") with a financial institution (the "Lender") for an amount not to exceed \$14,910,000. The Loan is collateralized by a deed of trust which covers the subject real property in the Lease agreement. On January 27, 2011, AltaMed entered into a Guaranty Agreement (the "Guaranty") with the Lender which unconditionally guarantees the complete performance of all obligations of the Developer under the Loan agreement. The Guaranty covers all the indebtedness outstanding, including all amounts advanced by the Lender in stages or installments. As of April 30, 2014 and 2013, the loan outstanding amounted to \$13,238,264.

**NOTE 13      CONTINGENCIES**

AltaMed has received local, state and federal funds for specific purposes that are subject to review and audit by the contracting agencies. Although such audits could generate expense disallowances under terms of the grants or contracts, it is believed that any required reimbursements will not be material.

AltaMed, as a non-profit organization, has elected the reimbursable method of financing unemployment insurance. Under this method, AltaMed is not required to make contributions to the State Unemployment Insurance Fund. AltaMed currently uses Unemployment Services Trust ("UST") agency to handle its reimbursement payment to the state for unemployment benefits paid to eligible AltaMed ex-employees. Under this election, AltaMed's maximum potential liability per employee separated from employment is \$14,400 per year. For the years ended April 30, 2014 and 2013, AltaMed paid \$993,444 and \$894,802, respectively, of expenses payable to UST.

**NOTE 14 BUILD TO SUIT LEASE AGREEMENT**

*Lease of 2040 Camfield Avenue, Commerce, CA*

AltaMed entered into a lease agreement with a Developer dated August 6, 2009 to construct a new corporate office building. The term of the Lease is ten years (“Original Term”) with option to extend for two separate consecutive periods of five years each. For the years ended April 30, 2014 and 2013, AltaMed shall pay monthly rent of \$167,912 and \$158,274, respectively, subject to 3% annual increases. Under the Lease terms, AltaMed has the option to purchase the property and the Landlord’s interest in the Lease during the Original Term of the Lease, upon terms and conditions set forth in the Lease agreement.

Construction of the building was completed in August 2011, at which time the Lease has commenced. AltaMed expects to exercise its purchase option under the Lease subsequent to the anticipated tax-exempt bond financing as described in Note 20. The purchase price of the property is currently under negotiation.

*Lease of 2035-2045 Camfield Avenue, Commerce, CA*

On May 30, 2014, AltaMed entered into another lease with the Developer for the lease of land and improvements of another property for 20 years.

Concurrent with the commencement of the second lease, AltaMed loaned \$9,500,000 to the Developer to fund the purchase of the land and improvements. The \$9,500,000 loan is non-interest bearing and matures on May 31, 2019. In consideration of the loan, AltaMed will not pay rent to the Developer but will pay all expenses associated with the land and improvements. AltaMed has an option to purchase the land and improvements during the term of the lease at the price of the loan and \$1.

**NOTE 15 PATIENT FEES AND MANAGED CARE CONTRACTS**

For the years ended April 30, 2014 and 2013, revenue from Medicaid (Medi-Cal in California) and Medicare programs accounted for approximately the following percentages of AltaMed’s net patient service revenue and managed care contracts revenue.

	2014	2013
Patient service revenue		
Medi-Cal	<b>79%</b>	68%
Medicare	<b>2%</b>	3%
Managed care contracts		
Medi-Cal	<b>66%</b>	64%
Medicare	<b>22%</b>	23%

**NOTE 15      PATIENT FEES AND MANAGED CARE CONTRACTS (CONTINUED)**

Laws and regulations governing the Medicaid and Medicare programs are extremely complex and subject to interpretation. Because of the inherent variability of many of the factors impacting these programs, actual receivables/revenue could differ significantly from the estimated amounts recorded.

AltaMed, as a community health center and as a Federally Qualified Health Center (FQHC), has elected to participate in the FQHC Medi-Cal reimbursement program. Effective in 2001, AltaMed converted to the federally mandated Prospective Payment System (PPS) reimbursement method for Medi-Cal services whereby reimbursement was established using PPS rates per Medi-Cal visit. Under the Medi-Cal program, AltaMed is required to file payment reconciliation reports at the end of each fiscal year. The reports reconcile payments received for Medi-Cal visits against compensation due using PPS rates. The reports are subject to adjustment based on review and audit by the Department of Health Services. For the years ended April 30, 2014 and 2013, AltaMed recorded net revenue of \$9,181,367 and \$11,584,227, respectively, of estimated annual reconciliations and settlements. For the years ended April 30, 2014 and 2013, AltaMed received \$42,696,539 and \$6,890,996, respectively, as settlements for prior periods. As of April 30, 2014 and 2013, patient accounts receivable include \$18,200,914 and \$9,570,251, respectively, related to expected cost report settlements.

Payment agreements have been established with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Premiums are due monthly (calculated on a prospectively determined capitated rate) and are recognized as revenue during the period in which AltaMed is obligated to provide services to its members.

Operating expenses incurred in the provision of health services are accrued in the period in which services are provided to patients based in part on estimates, including accrual for medical services provided but not yet reported to AltaMed. Incurred but not reported (IBNR) costs are costs associated with health care services incurred during a financial reporting period but not reported to the health care organization until after the financial reporting date. AltaMed's estimated IBNR claims are determined based on claim lag studies that track and measure date of service against date of payment. The claim lag reports are also adjusted to reflect the current month because these reports are mathematically sensitive to prior history. Claims payable balance as of April 30, 2014 and 2013, including estimated IBNR, is \$18,115,034 and \$11,724,080, respectively.

**NOTE 16      DONATED PROPERTY**

On May 31, 2007, the County of Los Angeles conveyed to AltaMed on a gratis basis land and building located at 6336 Passons Boulevard, Pico Rivera, California. The conveyance of the property is subject to the following terms and conditions:

**NOTE 16      DONATED PROPERTY (CONTINUED)**

- a. For a period of 30 years commencing upon the date the deed is recorded with the Registrar of the County of Los Angeles, at all times and under all conditions, AltaMed agrees to provide the funds, staff, management, and all related services including medical, therapeutic, social, dental and pharmaceutical, to operate a day-care center targeting elders at the property, subject to the condition that the property will be used continuously and exclusively for the adult day-care purposes and that the property is not to become blighted.
- b. During the 30-year-period, the property and all services provided thereon shall be equally open and available to the County of Los Angeles residents.
- c. During the 30-year-period, the property shall be continuously and exclusively operated by AltaMed providing a variety of health, therapeutic and social services, including medical, dental and pharmacological services, targeting elderly citizens at the property. In the event AltaMed does not comply with operating an adult day-care center and/or fails to continuously maintain a license customarily issued for such facilities by the State of California or other jurisdiction having responsibility for such licensing during the 30-year period, then all rights, title, and interest in the property shall automatically revert back to the County.
- d. In the event that the property is sold after 30 years, AltaMed and the County of Los Angeles shall split the sales price 50% to AltaMed and 50% to the County.

The property was recorded as a temporarily restricted contribution at its fair value of \$2,166,567 as of the date of donation. Of this amount, \$810,917 represent the fair value of the building which is being amortized and released from restriction over 30 years. For the years ended April 30, 2014 and 2013, balances released from restriction amounted to \$27,029.

As a result of the elimination of ADHCs, AltaMed has requested and received authorization from the County of Los Angeles to use the ADHC property for the provision of other medical care services to the community.

**NOTE 17      ACQUISITION OF MEDICAL CLINIC SITES**

In July 2013, AltaMed entered into a Medical Group Asset Acquisition Agreement to purchase a primary care medical clinic located in Los Angeles, California. The acquisition was completed in October 2013. The acquisition added approximately 200 lives to AltaMed's existing membership. The acquisition price amounted to \$300,000 for the purchase of clinic assets, the total of which was initially recognized as identifiable intangible assets and as of April 30, 2014, the net book value was \$241,667.

**NOTE 17      ACQUISITION OF MEDICAL CLINIC SITES (CONTINUED)**

In January 2014, AltaMed entered into a Medical Group Asset Acquisition Agreement to purchase a primary care medical clinic located in Los Angeles, California. The acquisition was completed in February 2014. The acquisition added approximately 200 lives to AltaMed's existing membership. The acquisition price amounted to \$300,000 for the purchase of clinic assets, the total of which was initially recognized as identifiable intangible assets and as of April 30, 2014, the net book value was \$275,000.

**NOTE 18      RETIREMENT PLANS**

AltaMed maintains a Tax Sheltered Annuity Plan under section 403(b) of the Internal Revenue Code (IRC) for the benefit of its employees. AltaMed matches 100% of an employee's salary contribution up to 4% of the participant's compensation, subject to the maximum amount allowed by the Internal Revenue Service. This matching contribution requires 0-4 years of service for vesting purposes with an employee being 100% vested after 4 years of service. An eligible employee must be full time and routinely work 30 hours or more per week completing one continuous year of full time employment with AltaMed. AltaMed's matching contribution expense for the years ended April 30, 2014 and 2013 was \$2,086,948 and \$1,475,150, respectively. AltaMed funds its contribution on a current basis.

Effective December 1, 2008, AltaMed adopted a non-qualified defined contribution Supplemental Executive Retirement Plan ("SERP Plan") for the benefit of executives who meet certain employment criteria. Funding under the SERP Plan is discretionary. The executives are entitled to receive SERP Plan benefits in a lump sum upon the earliest of certain provisions described in the SERP Plan. The executives' SERP Plan assets and benefit obligation of \$822,413 and \$751,772 as of April 30, 2014 and 2013, respectively, have been recorded and reflected in the accompanying statements of financial position in investments and other long-term liabilities, respectively.

Effective February 1, 2012, AltaMed adopted a voluntary salary deferral plan for highly compensated employees under IRC Section 457(b). Eligibility to the plan is determined by AltaMed. Under the plan, AltaMed has no authority to make discretionary credits to the deferred compensation account of each participant. As of April 30, 2014 and 2013, \$586,304 and \$153,150, respectively, has been deferred based on elections made by Plan participants and is included in investments and other long-term liabilities in the accompanying statements of financial position.

**NOTE 19      CONCENTRATION OF CREDIT RISK**

AltaMed maintains cash accounts primarily with financial institutions located in California. The total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. AltaMed has both unrestricted and restricted cash balances on deposit with the financial institutions at April 30, 2014 and 2013 that exceeded the balance insured by the FDIC by approximately \$5,445,571 and \$11,604,160, respectively.

**NOTE 19      CONCENTRATION OF CREDIT RISK (CONTINUED)**

AltaMed also maintains investment accounts with brokerage firms. The accounts contain amounts which are held as cash or invested in money market, mutual funds and equities. Balances are insured up to \$500,000 (with a limit of \$250,000 for cash claims) by the Security Investor Protection Corporation. The investments amounted to \$41,356,610 in cash and \$59,650,848 in securities as of April 30, 2014 and \$22,401,922 in cash and \$22,787,835 in securities as of April 30, 2013.

At April 30, 2014, \$36,410,031 or 83% of the total gross patient accounts receivable and managed care receivables of \$43,937,845 were Medi-Cal fees receivable. At April 30, 2013, \$23,785,043 or 83% of the total gross patient accounts receivable and managed care receivables of \$28,493,269 were Medi-Cal fees receivable. Contracts receivable are due from federal and state agencies.

**NOTE 20      PLANNED TAX-EXEMPT BOND FINANCING**

On May 31, 2011, the Board of Directors approved a resolution authorizing AltaMed to obtain tax-exempt financing up to an amount not to exceed \$70 million. In accordance with the board resolution, AltaMed anticipates issuing tax-exempt bonds in an amount not greater than \$70 million in early 2015. The proceeds from the bonds will be used to acquire, renovate and equip various new and existing clinic facilities including AltaMed's new corporate office constructed under the Lease agreement described in Note 14 and pay certain costs incurred in connection with the bond issuance.

**NOTE 21      SUBSEQUENT EVENTS**

AltaMed has evaluated events or transactions that occurred subsequent to the balance sheet date through August 28, 2014, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements. AltaMed determined that, except as disclosed in Note 14, no subsequent matters required disclosure or adjustment to the accompanying financial statements.

**AltaMed Health Services Corporation**  
**Schedule of Functional Expenses**  
**Year ended April 30, 2014**

	Program Services							Supporting Services			Total Expenses
	Medical Services	Dental Services	Senior Services	Drug Abuse Programs	HIV/AIDS Programs	Teen Programs	Total Program Services	Fund-raising	General Administration	Total Supporting Services	
Salaries and benefits	\$ 51,894,843	\$ 6,040,773	\$ 23,868,666	\$ 556,436	\$ 4,183,593	\$ 2,302,977	\$ 88,847,288	\$ 125,579	\$ 43,475,652	\$ 43,601,231	\$ 132,448,519
Specialty services	45,644,462	-	20,741,925	-	8,549	-	66,394,936	-	-	-	66,394,936
Therapeutic services	-	-	275,303	-	-	-	275,303	-	-	-	275,303
Administrative services	2,528,305	107,511	1,515,824	107,013	65,878	58,126	4,382,657	98,470	6,218,493	6,316,963	10,699,620
Medical services	18,251,626	149,274	13,386,003	28,015	523,529	-	32,338,447	5,583	41,637	47,220	32,385,667
Purchased services	524,295	-	713,484	-	-	-	1,237,779	-	-	-	1,237,779
Equip. rental, repairs and maintenance	943,436	247,575	947,241	13,303	60,516	32,854	2,244,925	124,799	2,413,465	2,538,264	4,783,189
Insurance	1,218,223	36,467	859,098	2,925	22,262	9,399	2,148,374	167	206,042	206,209	2,354,583
Patient transportation	4,031	25	3,238,486	-	2,233	300	3,245,075	-	14,998	14,998	3,260,073
Postage/printing	196,813	17,309	40,799	702	16,788	14,046	286,457	137,833	704,960	842,793	1,129,250
Rent	3,263,513	230,136	1,803,409	-	117,263	137,752	5,552,073	-	2,699,351	2,699,351	8,251,424
Staff development	77,827	7,675	32,196	305	14,837	2,593	135,433	17,684	1,542,543	1,560,227	1,695,660
Health promotion/education	108,409	4,869	23,808	109	110,234	10,803	258,232	593,858	2,257,206	2,851,064	3,109,296
Pharmacy/medical supplies	9,757,056	407,083	5,218,852	44,400	9,895,992	32,572	25,355,955	217	62,193	62,410	25,418,365
Office/facility and other supplies	634,290	66,581	1,017,298	3,607	54,110	26,725	1,802,611	646	423,728	424,374	2,226,985
Telephone	988,443	107,142	423,656	11,544	81,603	32,461	1,644,849	996	864,695	865,691	2,510,540
Travel	-	-	-	-	-	-	-	-	-	-	-
Utilities and facilities	1,312,149	224,852	632,189	9,221	82,475	46,672	2,307,558	1,074	570,135	571,209	2,878,767
Minor equipment	590,722	103,358	225,359	8,038	43,341	8,020	978,838	3,231	765,881	769,112	1,747,950
Depreciation and amortization	3,036,745	433,078	1,428,258	11,112	168,173	21,459	5,098,825	-	2,541,447	2,541,447	7,640,272
Interest	160,151	27,703	363,422	-	13,241	-	564,517	-	133,940	133,940	698,457
Other expenses/interdepartment transfer	21,687,348	1,030,991	8,626,625	13,711	392,929	63,901	31,815,505	26,565	(29,622,374)	(29,595,809)	2,219,696
Indirect/offset	20,843,367	1,769,417	10,731,925	141,931	1,272,209	492,183	35,251,032	-	(35,251,032)	(35,251,032)	-
<b>Total expenses</b>	<b>\$ 183,666,054</b>	<b>\$ 11,011,819</b>	<b>\$ 96,113,826</b>	<b>\$ 952,372</b>	<b>\$ 17,129,755</b>	<b>\$ 3,292,843</b>	<b>\$ 312,166,669</b>	<b>\$ 1,136,702</b>	<b>\$ 62,960</b>	<b>\$ 1,199,662</b>	<b>\$ 313,366,331</b>

**AltaMed Health Services Corporation**  
**Schedule of Functional Expenses**  
**Year ended April 30, 2013**

	Program Services							Supporting Services			Total Expenses
	Medical Services	Dental Services	Senior Services	Drug Abuse Programs	HIV/AIDS Programs	Teen Programs	Total Program Services	Fund-raising	General Administration	Total Supporting Services	
Salaries and benefits	\$ 44,933,022	\$ 4,424,398	\$ 20,362,093	\$ 556,608	\$ 3,819,948	\$ 1,916,340	\$ 76,012,409	\$ 2,413	\$ 38,014,649	\$ 38,017,062	\$ 114,029,471
Specialty services	33,960,861	-	19,310,120	-	30,987	-	53,301,968	-	-	-	53,301,968
Therapeutic services	-	-	305,691	-	-	-	305,691	-	-	-	305,691
Administrative services	2,775,355	173,274	1,123,484	66,942	45,988	62,346	4,247,389	60,205	8,061,119	8,121,324	12,368,713
Medical services	15,538,929	358,975	11,914,791	20,019	517,679	-	28,350,393	-	21,924	21,924	28,372,317
Purchased services	-	-	528,510	-	-	-	528,510	-	-	-	528,510
Equip. rental, repairs and maintenance	580,987	120,991	795,008	20,698	63,851	27,160	1,608,695	-	1,917,643	1,917,643	3,526,338
Insurance	1,024,244	31,982	748,953	2,954	21,292	10,676	1,840,101	-	211,988	211,988	2,052,089
Patient transportation	10,892	43	3,128,782	-	22	-	3,139,739	-	(6,669)	(6,669)	3,133,070
Postage/printing	194,778	9,769	25,345	765	25,657	8,667	264,981	148,821	857,857	1,006,678	1,271,659
Rent	2,763,775	206,181	1,651,355	-	87,162	226,947	4,935,420	116,157	2,407,932	2,524,089	7,459,509
Staff development	51,347	5,454	64,918	225	12,087	546	134,577	425	979,769	980,194	1,114,771
Health promotion/education	98,273	12,179	51,502	114	593,490	10,932	766,490	397,721	864,770	1,262,491	2,028,981
Pharmacy/medical supplies	7,966,561	257,332	4,193,411	45,697	8,232,944	47,925	20,743,870	-	52,684	52,684	20,796,554
Office/facility and other supplies	615,129	60,252	969,130	7,853	70,941	28,233	1,751,538	278,401	391,650	670,051	2,421,589
Telephone	814,266	87,273	363,203	12,783	66,940	29,094	1,373,559	-	878,970	878,970	2,252,529
Utilities and facilities	1,026,993	101,421	640,397	16,156	65,739	48,688	1,899,394	-	578,240	578,240	2,477,634
Minor equipment	482,392	67,086	192,216	3,010	43,041	20,503	808,248	500	469,675	470,175	1,278,423
Depreciation and amortization	2,618,650	432,774	1,251,699	9,845	101,772	12,802	4,427,542	-	2,067,011	2,067,011	6,494,553
Interest	142,534	26,695	368,248	-	13,705	-	551,182	-	2,576	2,576	553,758
Other expenses/interdepartment transfer	16,965,665	844,994	9,199,307	13,839	266,709	109,806	27,400,320	52,653	(25,878,638)	(25,825,985)	1,574,335
Indirect/offset	18,010,860	1,394,547	10,298,685	146,409	1,223,206	461,636	31,535,343	-	(31,535,343)	(31,535,343)	-
<b>Total expenses</b>	<b>\$ 150,575,513</b>	<b>\$ 8,615,620</b>	<b>\$ 87,486,848</b>	<b>\$ 923,917</b>	<b>\$ 15,303,160</b>	<b>\$ 3,022,301</b>	<b>\$ 265,927,359</b>	<b>\$ 1,057,296</b>	<b>\$ 357,807</b>	<b>\$ 1,415,103</b>	<b>\$ 267,342,462</b>

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

**Board of Directors  
AltaMed Health Services Corporation**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of AltaMed Health Services Corporation, which comprise the statement of financial position as of April 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 28, 2014.

***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

We noted certain matters that we reported to management of AltaMed Health Services Corporation in a separate letter dated August 28, 2014.

### ***Purpose of this Report***

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

A handwritten signature in black ink that reads "Vazquez & Company LLP". The signature is written in a cursive, flowing style.

**Los Angeles, California  
August 28, 2014**



# AltaMed

**Single Audit Report**  
**AltaMed Health Services Corporation**  
***Year ended April 30, 2014***  
***with Report of Independent Auditors***

An Independently Owned Member  
**McGLADREY ALLIANCE**



 **Vasquez**  
& Company LLP  
Certified Public Accountants and Business Consultants

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

**Board of Directors  
AltaMed Health Services Corporation**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of AltaMed Health Services Corporation, which comprise the statement of financial position as of April 30, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 28, 2014.

**Internal Control over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

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

We noted certain matters that we reported to management of AltaMed Health Services Corporation in a separate letter dated August 28, 2014.

## **Purpose of this Report**

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

A handwritten signature in black ink that reads "Vazquez &amp; Company LLP". The signature is written in a cursive, flowing style.

**Los Angeles, California**  
**August 28, 2014**

**Report of Independent Auditors on Compliance for Each Major Federal Program,  
on Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133**

**Board of Directors  
AltaMed Health Services Corporation**

**Report on Compliance for Each Major Federal Program**

We have audited AltaMed Health Services Corporation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of AltaMed Health Services Corporation's major federal programs for the year ended April 30, 2014. AltaMed Health Services Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of AltaMed Health Services Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AltaMed Health Services Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of AltaMed Health Services Corporation's compliance.



## ***Opinion on Each Major Federal Program***

In our opinion, AltaMed Health Services Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2014.

## **Report on Internal Control over Compliance**

Management of AltaMed Health Services Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered AltaMed Health Services Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AltaMed Health Services Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of AltaMed Health Services Corporation as of and for the year ended April 30, 2014, and have issued our report thereon dated August 28, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Vasquez & Company LLP*

**Los Angeles, California**

**September 30, 2014** except for the Schedule of Expenditures of Federal Awards, as to which the date is August 28, 2014

**AltaMed Health Services Corporation  
Schedule of Expenditures of Federal Awards  
Year ended April 30, 2014**

Federal Grantor/Pass Through Grantor Program Title	Pass Through/ Grantor's Number	Grant Period	CFDA Number	Grant Award Amount	Federal Expenditures
<b><u>MAJOR PROGRAMS</u></b>					
<b><u>U.S. Department of Health and Human Services</u></b>					
<b>Passed through the County of Los Angeles Department of Public Health:</b>					
Cal-Learn Case Management	CLC12001	07/01/12-06/30/13	93.558	\$ 1,520,712	\$ 271,405
Cal-Learn Case Management	CLC12001	07/01/13-06/30/14	93.558	1,728,543	1,176,297
			<b>Total for CFDA 93.558</b>		<b>1,447,702</b>
<b>Passed through the California Department of Aging:</b>					
Multipurpose Senior Service Program	MS-1011-03	07/01/12-06/30/13	93.778	2,326,755	328,500
Multipurpose Senior Service Program	MS-1415-03	07/01/13-06/30/14	93.778	2,069,655	1,733,365
<b>Passed through the County of Los Angeles Department of Public Health:</b>					
Medi-Cal Drug Abuse Outpatient Methadone	PH001877	07/01/12-06/30/13	93.778	688,730	88,010
Medi-Cal Drug Abuse Outpatient Methadone	PH001877	07/01/13-06/30/14	93.778	688,730	494,005
<b>Passed through the California Department of Health Services:</b>					
Adolescent Family Life Program	00-90041	07/01/12-06/30/13	93.778	272,418	57,443
Adolescent Family Life Program	00-90041	07/01/13-06/30/14	93.778	305,418	305,418
			<b>Total for CFDA 93.778</b>		<b>3,006,741</b>
<b><u>U.S. Department of Agriculture</u></b>					
<b>Passed through the California Department of Aging:</b>					
Adult Day Care Food Program	12-100058	10/01/12-09/30/13	10.558	open	279,800
Adult Day Care Food Program	12-100058	10/01/13-09/30/14	10.558	open	392,806
			<b>Total for CFDA 10.558</b>		<b>672,606</b>
			<b>Total major programs</b>		<b>5,127,049</b>

**AltaMed Health Services Corporation  
Schedule of Expenditures of Federal Awards  
Year ended April 30, 2014**

Federal Grantor/Pass Through Grantor Program Title	Pass Through/ Grantor's Number	Grant Period	CFDA Number	Grant Award Amount	Federal Expenditures
<b><u>NON-MAJOR PROGRAMS</u></b>					
<b><u>U.S. Department of Health and Human Services</u></b>					
<b>Direct Programs:</b>					
Health Center Cluster	H80CS00142	12/01/12-11/30/13	93.224	\$ 7,088,070	\$ 4,370,452
Health Center Cluster	H80CS00142	12/01/13-11/30/14	93.224	7,996,356	3,026,725
Outreach and Enrollment	H80CS00142	07/01/13-06/30/14	93.224	561,410	476,557
HIV Care and Treatment Services for People Living with HIV/AIDS (PLWHA)	H80CS00142	06/01/13-08/31/14	93.224	47,500	47,500
		<b>Total for CFDA 93.224</b>			<b>7,921,234</b>
Bureau of Primary Health Care (BPHC)-HIV-Ryan White III B	6H76HA00169-19	01/01/13-12/31/13	93.918	1,023,592	674,557
Bureau of Primary Health Care (BPHC)-HIV-Ryan White III B	6H76HA00169-20	01/01/14-12/31/14	93.918	988,861	379,161
RW Title III HIV Capacity Development and Planning Grant	P06HA25081	09/01/12-02/28/14	93.918	85,450	84,940
		<b>Total for CFDA 93.918</b>			<b>1,138,658</b>
Healthy Behaviors in Women	H59MC22656	08/01/12-07/31/13	93.110	150,000	37,500
Healthy Behaviors in Women	H59MC22656	08/01/13-07/31/14	93.110	150,000	112,500
		<b>Total for CFDA 93.110</b>			<b>150,000</b>
Capital Improvement - First Street	C8BCS23994	05/01/12-04/30/14	93.526	500,000	500,000
		<b>Total for CFDA 93.526</b>			<b>500,000</b>
Communities Generating Research to Prevent Obesity	1R13HD075501	09/27/12-08/31/13	93.865	30,000	-
Communities Generating Research to Prevent Obesity	1R13HD075501	09/01/13-08/31/14	93.865	29,760	29,760
		<b>Total for CFDA 93.865</b>			<b>29,760</b>
Affordable Care Act (ACA) Grants for School-Based Health Centers Capital Program	C12CS25589	12/01/12-11/30/14	93.501	428,346	171,493
		<b>Total for CFDA 93.501</b>			<b>171,493</b>
Integrating Clinical Pharmacy Services in Safety-Net Clinics	1C1CMS331040-01-0	07/01/12-06/30/13	93.610	406,975	209,307
		<b>Total for CFDA 93.610</b>			<b>209,307</b>
RW Title IV Woman, Infants, Children, Youth and Affected Family Members AIDS Healthcare	H12HA24775	08/01/12-07/31/13	93.153	350,000	71,061
RW Title IV Woman, Infants, Children, Youth and Affected Family Members AIDS Healthcare	H12HA24775	08/01/13-07/31/14	93.153	331,902	293,704
		<b>Total for CFDA 93.153</b>			<b>364,765</b>

**AltaMed Health Services Corporation**  
**Schedule of Expenditures of Federal Awards**  
**Year ended April 30, 2014**

Federal Grantor/Pass Through Grantor Program Title	Pass Through/ Grantor's Number	Grant Period	CFDA Number	Grant Award Amount	Federal Expenditures
<b>NON-MAJOR PROGRAMS (CONTINUED)</b>					
<b>U.S. Department of Health and Human Services (Continued)</b>					
<b>Passed through California Department of Public Health:</b>					
HIV Expanded Testing	11-10727	01/01/13-12/31/13	93.943	\$ 269,271	\$ <u>165,459</u>
			<b>Total for CFDA 93.943</b>		<b><u>165,459</u></b>
HIV Prevention Projects for Young Latino Men Who Have Sex with Men	1U65PS003444-02	09/30/12-09/29/13	93.939	357,304	165,013
HIV Prevention Projects for Young Latino Men Who Have Sex with Men	1U65PS003444-02	09/30/13-09/29/14	93.939	264,216	215,532
Community-Based HIV Prevention Projects (CDC) Youth	1U65PS002366	07/01/12-06/30/13	93.939	335,113	20,275
Community-Based HIV Prevention Projects (CDC) Youth	1U65PS002366	07/01/13-06/30/14	93.939	308,675	<u>301,272</u>
			<b>Total for CFDA 93.939</b>		<b><u>702,092</u></b>
<b>Passed through the County of Los Angeles Department of Public Health:</b>					
HIV Mobile Unit/HIV Counseling and Testing	PH-000823	01/01/13-12/31/13	93.940	120,000	35,007
HIV Mobile Unit/HIV Counseling and Testing	PH-000823-1	01/01/14-12/31/14	93.940	80,000	<u>17,190</u>
			<b>Total for CFDA 93.940</b>		<b><u>52,197</u></b>
<b>Passed through the County of Los Angeles Department of Public Health:</b>					
Ambulatory/Outpatient Medical Services (All Schedules)	H209203	03/01/13-02/28/14	93.914	Fee for Service	823,833
Ambulatory/Outpatient Medical Services (All Schedules)	H209203	03/01/14-02/28/15	93.914	Fee for Service	178,107
HIV/AIDS Mental Health Services	H210790	03/01/13-02/28/14	93.914	149,300	102,985
HIV/AIDS Mental Health Services	H210790	03/01/14-02/28/15	93.914	149,300	20,857
HIV/AIDS Oral Health Care	PH-001113	03/01/13-02/28/14	93.914	485,000	355,820
HIV/AIDS Oral Health Care	PH-001113	03/01/14-02/28/15	93.914	485,000	20,495
CM & Home/Community Based Care Services	H205189	07/01/12-06/30/13	93.914	287,457	36,626
CM & Home/Community Based Care Services	H205189	07/01/13-06/30/14	93.914	287,457	197,406
HIV Benefits Specialty	H206921	04/01/13-03/31/14	93.914	92,080	83,511
HIV Benefits Specialty	H206921	04/01/14-03/31/15	93.914	82,840	2,909
Medical Care Coordination	PH-002384	03/01/13-02/28/14	93.914	206,032	155,648
Medical Care Coordination	PH-002384	03/01/14-02/28/15	93.914	206,032	<u>19,015</u>
			<b>Total for CFDA 93.914</b>		<b><u>1,997,212</u></b>
Special Projects of National Significance	H97HA22717	09/01/12-08/31/13	93.928	80,000	<u>3,594</u>
			<b>Total for CFDA 93.928</b>		<b><u>3,594</u></b>

**AltaMed Health Services Corporation  
Schedule of Expenditures of Federal Awards  
Year ended April 30, 2014**

Federal Grantor/Pass Through Grantor Program Title	Pass Through/ Grantor's Number	Grant Period	CFDA Number	Grant Award Amount	Federal Expenditures
<b>NON-MAJOR PROGRAMS (CONTINUED)</b>					
<b>U.S. Department of Health and Human Services (Continued)</b>					
<b>Passed through California Family Health Council, Inc (CFHC):</b>					
CFHC - Basic Contraception Services (BCS)	BCS 301-210-1336	01/01/13-12/31/13	93.217	\$ 363,475	\$ 239,476
CFHC - Basic Contraception Services (BCS)	1336-5320-71209-14	01/01/14-12/31/14	93.217	314,650	153,470
			<b>Total for CFDA 93.217</b>		<b>392,946</b>
<b>Passed through the Los Angeles Family AIDS Network:</b>					
LA Family AIDS Network (Title I and Title IV)	**	08/01/12-07/31/13	93.153	50,808	10,232
LA Family AIDS Network (Title I and Title IV)	**	08/01/13-07/31/14	93.153	37,917	21,415
			<b>Total for CFDA 93.153</b>		<b>31,647</b>
<b>Passed through the County of Los Angeles Community &amp; Senior Services:</b>					
Supportive Services Program (SSP)	SSP-1014-03	07/01/12-06/30/13	93.044	108,358	24,840
Supportive Services Program (SSP)	SSP-1014-03	07/01/13-06/30/14	93.044	108,358	105,803
			<b>Total for CFDA 93.044</b>		<b>130,643</b>
Family Caregiver Services Program (FCSP)	FCSP-0913-001	07/01/12-06/30/13	93.052	75,561	358
			<b>Total for CFDA 93.052</b>		<b>358</b>
<b>Passed through RAND Corporation:</b>					
RAND - Promoting Physical Activity in High Poverty Neighborhoods	R01HL114283/9920130107	02/01/13-01/31/14	93.837	171,215	113,260
RAND - Promoting Physical Activity in High Poverty Neighborhoods	R01HL114283/9920130107	02/01/14-01/31/15	93.837	150,000	35,141
RAND - National Heart, Blood and Lung Institute	R21HL114112/9920130080	09/01/12-05/31/15	93.837	25,018	5,124
			<b>Total for CFDA 93.837</b>		<b>153,525</b>
<b>Passed through The Regents of the University of California, San Francisco:</b>					
East Los Angeles Area Health Education Center (AHEC) Program	U77HP23071	09/01/12-08/31/13	93.107	64,237	55,975
East Los Angeles Area Health Education Center (AHEC) Program	U77HP23071	09/01/13-08/31/14	93.107	80,000	56,846
			<b>Total for CFDA 93.107</b>		<b>112,821</b>
HIV/AIDS Transitional Case Management	H701226	04/01/13-03/31/14	93.917	70,000	63,213
HIV/AIDS Transitional Case Management	H701226	04/01/14-03/31/15	93.917	70,000	6,434
			<b>Total for CFDA 93.917</b>		<b>69,647</b>

**AltaMed Health Services Corporation  
Schedule of Expenditures of Federal Awards  
Year ended April 30, 2014**

Federal Grantor/Pass Through Grantor Program Title	Pass Through/ Grantor's Number	Grant Period	CFDA Number	Grant Award Amount	Federal Expenditures
<b><u>NON-MAJOR PROGRAMS (CONTINUED)</u></b>					
<b><u>U.S. Department of Health and Human Services (Continued)</u></b>					
<b>Passed through The Regents of the University of California, San Francisco (Continued):</b>					
HealthCorp	06ACHCA0010018	11/01/12-10/31/13	94.006	\$ 194,750	\$ 90,000
HealthCorp	13EDHMD0010002	11/01/13-10/31/14	94.006	185,250	154,850
<b>Total for CFDA 94.006</b>					<b><u>244,850</u></b>
Reducing Risks for Alcohol-Exposed Pregnancy (CDC-AEP)	1U84DD000726-02	09/01/12-08/31/13	93.283	275,000	48,071
Reducing Risks for Alcohol-Exposed Pregnancy (CDC-AEP)	1U84DD000726-02	09/01/13-08/31/14	93.283	274,999	199,544
<b>Total for CFDA 93.283</b>					<b><u>247,615</u></b>
<b>Passed through COPE Health Solutions:</b>					
Behavioral Economics to Improve Treatment of Acute Respiratory Infections (BEARI)					
BEARI - Trans-National Institutes of Health (NIH) Recovery Act Research Support	1RC4AG039115-03	09/01/12-08/31/13	93.701	173,333	28,221
BEARI - Trans-National Institutes of Health (NIH) Recovery Act Research Support	1RC4AG039115-03	09/01/13-08/31/14	93.701	162,898	22,898
<b>Total for CFDA 93.701</b>					<b><u>51,119</u></b>
<b>Passed through University of California, Los Angeles (UCLA) Subaward:</b>					
UCLA National Institutes of Health / National Institute of Mental Health Subgrant	1557 G NB468	09/01/12-08/31/13	93.242	95,040	10,051
<b>Total for CFDA 93.242</b>					<b><u>10,051</u></b>
<b><u>U.S. Department of Agriculture</u></b>					
<b>Passed through Public Health Institute:</b>					
Latino ToolKit	1019712	01/01/14-09/30/14	10.561	119,624	70,907
<b>Total for CFDA 10.561</b>					<b><u>70,907</u></b>
<b><u>U.S. Department of Housing and Urban Development</u></b>					
<b>Passed through The Regents of the University of California, San Francisco:</b>					
Huntington Beach Community Development Block Grant (CDBG)	50983	10/01/12-09/30/13	14.218	32,000	13,333
<b>Total for CFDA 14.218</b>					<b><u>13,333</u></b>

**AltaMed Health Services Corporation  
Schedule of Expenditures of Federal Awards  
Year ended April 30, 2014**

Federal Grantor/Pass Through Grantor Program Title	Pass Through/ Grantor's Number	Grant Period	CFDA Number	Grant Award Amount	Federal Expenditures
<b>NON-MAJOR PROGRAMS (CONTINUED)</b>					
<b><u>U.S. Department of Labor</u></b>					
<b>Passed through The Regents of the University of California, San Francisco:</b>					
Department of Labor - Young Parents Demonstration Project	MI219251160A6	07/01/12-06/30/13	17.261	\$ 349,879	\$ 36,903
Department of Labor - Young Parents Demonstration Project	MI219251160A6	07/01/13-06/30/14	17.261	349,879	296,749
		<b>Total for CFDA 17.261</b>			<b><u>333,652</u></b>
				<b>Total non-major prorams</b>	<b><u>15,268,885</u></b>
				<b>Total federal programs \$</b>	<b><u>20,395,934</u></b>

See accompanying Notes to Schedule of Expenditures of Federal Awards and the Report of Independent Auditors on Compliance for Each Major Federal Program, on Internal Control over Compliance, and on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES APPLICABLE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Scope of Presentation**

The accompanying schedule presents only the expenditures incurred by AltaMed Health Services Corporation that are reimbursable under programs of federal agencies providing financial awards. For the purposes of this schedule, financial awards include federal awards received directly from a federal agency, federal funds received indirectly by AltaMed Health Services Corporation from a nonfederal agency or other organization.

**Basis of Accounting**

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting, which is described in Note 2 to AltaMed Health Services Corporation's financial statements.

Certain awards consist of combination of federal and state awards. The amounts listed under "Federal Expenditures" only represent the federal portion.

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued on the financial statements: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified: No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Noncompliance material to the financial statements noted: No

**Federal Awards**

Internal control over its major programs:

- Material weakness(es) identified: No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported

Type of auditors’ report issued on compliance for its major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? No

**Identification of Major Programs:**

CFDA Number	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families – Cal-Learn Case Management
93.778	Medical Assistance Program – Multipurpose Senior Service Program; Medi-Cal Drug Abuse Outpatient Methadone; Adolescent Family Life Program
10.558	Child and Adult Care Food Program – Adult Day Care Food Program

Dollar threshold used to distinguish between Type A and Type B programs: \$ 611,878

Auditee qualified as a low-risk auditee: Yes

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**Section II – Financial Statement Findings**

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No matters were reported.

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**Section III – Federal Award Findings**

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No matters were reported.

**AltaMed Health Services Corporation  
Status of Prior Year's Audit Report Findings  
Year ended April 30, 2014**

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**Section IV – Status of Prior Year Findings**

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Not applicable. No matters were reported during the fiscal year ended April 30, 2013.



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