



**Audited Consolidated Financial Statements
and Supplementary Information
AltaMed Health Services Corporation
*As of and for the Years Ended April 30, 2019 and 2018
with Report of Independent Auditors***

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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 CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	43

Report of Independent Auditors

Board of Directors AltaMed Health Services Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of AltaMed Health Services Corporation, a California nonprofit corporation, which comprise the consolidated statements of financial position as of April 30, 2019 and 2018, and the related consolidated statements of activities functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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, 2019 and 2018, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 2 to the financial statements, AltaMed Health Services Corporation adopted new accounting standards, FASB ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. Prior year financial statement presentation and disclosures have been revised to reflect the retrospective application of adopting this change in accounting standards.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedules of functional expenses and consolidating statements of financial position and statements of activities 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 26, 2019 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 the effectiveness of 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".

Glendale, California
August 26, 2019

AltaMed Health Services Corporation
Consolidated Statements of Financial Position

ASSETS	April 30	
	2019	2018
Current assets		
Cash and cash equivalents	\$ 70,032,238	\$ 24,115,774
Marketable securities	428,170,625	377,476,426
Grants and contracts receivable	7,051,327	5,727,394
Patient accounts receivable - net of allowance for bad debts of \$2,813,123 and \$2,259,985 in 2019 and 2018, respectively	10,502,066	9,925,893
Managed care receivables	18,490,589	24,888,761
Contribution and other receivables	2,451,166	2,086,939
Notes receivable	48,000	80,000
Inventories	1,622,836	1,368,775
Current portion of assets limited as to use	21,815,276	39,232,109
Prepaid expenses	6,100,208	4,107,030
Total current assets	566,284,331	489,009,101
Noncurrent assets		
Property and equipment - net	229,236,816	175,770,954
Noncurrent portion of notes receivable	-	46,462
Loans and accrued interest receivable	32,309,138	28,412,182
Other investments	12,253,429	9,351,490
Assets limited as to use, net of current portion	11,801,130	23,263,859
Goodwill	13,134,527	13,134,527
Deferred tax asset	130,947	-
Deposits	2,447,659	2,571,743
Total noncurrent assets	301,313,646	252,551,217
Total assets	\$ 867,597,977	\$ 741,560,318

See notes to the consolidated financial statements.

AltaMed Health Services Corporation
Consolidated Statements of Financial Position (Continued)

	April 30	
	2019	2018
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 49,554,433	\$ 35,025,585
Income tax payable	225,215	-
Accrued salaries and employee benefits	27,673,810	22,624,145
Estimated payables to third-party payor	8,220,698	9,384,131
Claims payable	51,783,913	39,521,066
Grant and contract advances	16,795,858	48,756,267
Current portion of long-term debt	11,616,550	5,933,188
Total current liabilities	165,870,477	161,244,382
Noncurrent liabilities		
Deferred tax liability	875,747	609,652
Interest rate swap	420,360	455,128
Long-term debt, net of current portion	163,252,699	105,511,985
Other long-term liabilities	9,220,612	4,563,440
Total noncurrent liabilities	173,769,418	111,140,205
Total liabilities	339,639,895	272,384,587
Net assets		
Equity	1,000	1,000
Without donor restrictions	521,369,176	462,409,769
With donor restrictions	3,796,072	2,702,213
Retained earnings	2,791,834	4,062,749
Total net assets	527,958,082	469,175,731
Total liabilities and net assets	\$ 867,597,977	\$ 741,560,318

See notes to the consolidated financial statements.

AltaMed Health Services Corporation
Consolidated Statements of Activities

	Years ended April 30	
	2019	2018
Changes in net assets without donor restrictions		
Revenues, gains and other support		
Patient service revenue		
net of contractual allowances	\$ 160,538,734	\$ 133,619,628
Provision for bad debts	(2,167,902)	(1,564,177)
Net patient service revenue	158,370,832	132,055,451
Managed care contracts	517,348,446	470,702,332
Government grants and contracts	26,917,834	31,541,891
Pharmacy revenue	51,982,819	40,369,502
Contributions and other support	685,065	672,528
Other income	2,761,083	3,380,667
Total revenue, gains and other support		
before net assets released from restriction	758,066,079	678,722,371
Net assets released from restrictions		
Restrictions satisfied	1,735,763	664,560
Total revenues, gains, and other support	759,801,842	679,386,931
Expenses		
Program expenses		
Medical services	434,476,329	367,124,671
Dental services	32,287,359	25,952,284
Senior services	186,882,093	159,555,500
HIV/AIDS programs	33,502,999	33,539,580
Teen programs - workforce development	3,209,245	3,805,252
Research and development	2,049,229	1,601,467
Total program expenses	692,407,254	591,578,754
Supporting services		
Fundraising expenses	4,481,549	3,157,206
Operating expenses	17,090,865	16,028,093
General administration	7,858,353	4,079,494
Total supporting services	29,430,767	23,264,793
Total expenses	721,838,021	614,843,547
Excess of revenues, gains, and		
other support over operating expenses	37,963,821	64,543,384
Other gains and losses - net		
Change in fair value of marketable securities		
and investments	10,546,191	11,560,387
Change in fair value of interest rate swap	34,768	301,011
Interest and dividends	9,834,944	5,822,021
Loss from disposal of property and equipment	(10,142)	(60,024)
Other gains and losses - net	20,405,761	17,623,395
Change in net assets without donor restrictions		
before provision for income tax	58,369,582	82,166,779

See notes to the consolidated financial statements.

AltaMed Health Services Corporation
Consolidated Statements of Activities (Continued)

	Years ended April 30	
	2019	2018
Provision for income tax		
Current	545,942	197,654
Deferred	135,148	132,543
Total provision for income tax	681,090	330,197
Change in net assets without donor restrictions after provision for income tax	57,688,492	81,836,582
Changes in net assets with donor restrictions		
Contributions and other support	2,829,622	1,120,886
Net assets released from restrictions	(1,735,763)	(664,560)
Change in net assets with donor restrictions	1,093,859	456,326
Change in net assets	58,782,351	82,292,908
Net assets		
Beginning of year	469,175,731	386,882,823
End of year	\$ 527,958,082	\$ 469,175,731

See notes to the consolidated financial statements.

AltaMed Health Services Corporation
Consolidated Statements of Functional Expenses
Year ended April 30, 2019

	Program Services						Supporting Services					Total Consolidated Expenses
	Medical Services	Dental Services	Senior Services	HIV / AIDS Programs	Teen Programs	Research and Development	Total Program Services	Fund-raising	Operating Expenses	General Administration	Total Supporting Services	
Salaries and benefits												
Salaries	\$ 71,258,260	\$ 11,808,696	\$ 41,427,849	\$ 4,232,194	\$ 1,495,261	\$ 911,441	\$ 131,133,701	\$ 1,605,548	\$ -	\$ 79,973,829	\$ 81,579,377	\$ 212,713,078
Payroll taxes & fringe benefits	17,860,647	3,008,071	10,130,453	1,047,827	342,940	272,180	32,662,118	406,335	-	20,271,695	20,678,030	53,340,148
Contract labor	5,571,134	1,069,437	3,747,402	15,167	26,444	15,746	10,445,330	-	-	3,139,735	3,139,735	13,585,065
Total salaries and benefits	94,690,041	15,886,204	55,305,704	5,295,188	1,864,645	1,199,367	174,241,149	2,011,883	-	103,385,259	105,397,142	279,638,291
Speciality services	140,471,906	-	44,118,843	156	-	-	184,590,905	-	10,001,376	-	10,001,376	194,592,281
Medical services	38,903,824	479,445	23,655,173	624,745	94	543	63,663,824	63	6,625,661	687,327	7,313,051	70,976,875
Pharmacy / medical supplies	25,958,492	1,123,570	9,814,929	23,367,750	46,452	11,512	60,322,705	3,304	-	316,154	319,458	60,642,163
Administrative services	7,501,010	530,225	2,824,523	324,008	292,373	47,691	11,519,830	931,684	-	23,268,324	24,200,008	35,719,838
Depreciation and amortization	5,154,631	1,546,710	2,652,627	129,347	80,607	43,250	9,607,172	-	-	4,880,143	4,880,143	14,487,315
Rent	3,077,645	239,721	1,630,145	112,242	101,874	63,343	5,224,970	-	75,397	2,688,947	2,764,344	7,989,314
Equipment rental, repairs and maintenance	1,177,168	264,417	1,049,943	44,193	17,394	8,741	2,561,856	320,956	-	5,174,530	5,495,486	8,057,342
Patient transportation	63,270	3,534	5,272,302	63	-	-	5,339,169	-	-	235	235	5,339,404
Utilities & facilities	1,401,324	249,235	912,499	71,223	32,354	3,379	2,670,014	6,754	-	934,814	941,568	3,611,582
Telephone	1,120,015	174,660	662,206	61,319	19,920	18,225	2,056,345	16,491	34,755	2,800,134	2,851,380	4,907,725
Health promotion/education	244,240	43,545	1,081,987	74,176	54,588	80,960	1,579,496	618,217	68,566	6,743,903	7,430,686	9,010,182
Insurance	2,706,734	91,831	998,164	28,938	8,470	5,942	3,840,079	11,864	66,593	591,299	669,756	4,509,835
Office/facility and other supplies	1,125,368	225,836	1,172,271	94,425	9,743	25,998	2,653,641	142,480	35,886	759,168	937,534	3,591,175
Minor equipment	860,551	213,853	301,966	35,893	13,377	44,304	1,469,944	19,976	-	1,606,585	1,626,561	3,096,505
Staff development	443,388	73,453	90,698	20,301	7,097	29,096	664,033	43,610	-	2,906,319	2,949,929	3,613,962
Purchased services	-	-	543,372	-	-	-	543,372	-	182,631	-	182,631	726,003
Postage/printing	490,711	29,359	37,947	15,370	2,924	45,243	621,554	144,157	-	1,084,517	1,228,674	1,850,228
Interest	1,274,137	78,493	1,006,400	9,634	-	-	2,368,664	-	-	1,013,025	1,013,025	3,381,689
Therapeutic services	21,776	-	178,239	-	-	-	200,015	-	-	3,000	3,000	203,015
Indirect/offset	50,855,733	6,037,977	26,178,654	2,282,635	610,776	384,871	86,350,646	-	-	(86,350,646)	(86,350,646)	-
Other expenses/interdepartment transfer	56,934,365	4,995,291	7,393,501	911,393	46,557	36,764	70,317,871	210,110	-	(64,634,684)	(64,424,574)	5,893,297
	\$ 434,476,329	\$ 32,287,359	\$ 186,882,093	\$ 33,502,999	\$ 3,209,245	\$ 2,049,229	\$ 692,407,254	\$ 4,481,549	\$ 17,090,865	\$ 7,858,353	\$ 29,430,767	\$ 721,838,021

See notes to the consolidated financial statements.

AltaMed Health Services Corporation
Consolidated Statements of Functional Expenses
Year ended April 30, 2018

	Program Services						Supporting Services				Total Consolidated Expenses	
	Medical Services	Dental Services	Senior Services	HIV / AIDS Programs	Teen Programs	Research and Development	Total Program Services	Fund-raising	Operating Expenses	General Administration		Total Supporting Services
Salaries and benefits												
Salaries	\$ 63,876,032	\$ 9,832,022	\$ 35,873,272	\$ 3,500,575	\$ 1,922,878	\$ 660,375	\$ 115,665,154	\$ 1,098,552	\$ -	\$ 65,836,591	\$ 66,935,143	\$ 182,600,297
Payroll taxes & fringe benefits	16,470,698	2,684,185	8,766,953	912,608	479,739	180,486	29,494,669	286,717	-	17,911,146	18,197,863	47,692,532
Contract labor	2,497,824	721,068	3,329,634	106,777	-	13,115	6,668,418	-	-	3,202,230	3,202,230	9,870,648
Total salaries and benefits	82,844,554	13,237,275	47,969,859	4,519,960	2,402,617	853,976	151,828,241	1,385,269	-	86,949,967	88,335,236	240,163,477
Specialty services	114,889,228	-	39,322,370	3,677	-	-	154,215,275	-	8,953,685	-	8,953,685	163,168,960
Medical services	33,074,831	331,411	19,156,713	379,404	-	30,394	52,972,753	-	6,606,164	572,176	7,178,340	60,151,093
Pharmacy/medical supplies	17,723,908	1,047,218	7,720,507	21,567,788	63,645	18,030	48,141,096	516	-	152,153	152,669	48,293,765
Administrative services	6,134,861	359,868	2,946,542	2,740,247	181,003	227,407	12,589,928	593,987	-	18,204,423	18,798,410	31,388,338
Depreciation and amortization	3,941,688	972,421	2,682,306	102,411	72,221	26,423	7,797,470	-	-	4,273,184	4,273,184	12,070,654
Rent	4,039,029	441,131	1,102,699	100,510	142,785	45,513	5,871,667	-	80,609	1,873,426	1,954,035	7,825,702
Equipment rental, repairs and maintenance	965,239	188,715	979,184	43,018	18,638	4,550	2,199,344	437,919	-	4,544,576	4,982,495	7,181,839
Patient transportation	29,190	388	4,553,223	37	-	129	4,582,967	-	-	-	-	4,582,967
Utilities & facilities	1,326,840	238,261	923,660	78,588	34,168	3,746	2,605,263	1,458	-	657,010	658,468	3,263,731
Telephone	992,230	165,458	708,862	62,140	29,378	12,595	1,970,663	12,643	40,635	2,472,159	2,525,437	4,496,100
Health promotion/education	358,573	21,922	441,049	700,650	48,225	32,667	1,603,086	283,472	69,696	6,163,095	6,516,263	8,119,349
Insurance	2,437,569	86,200	885,788	26,364	13,151	4,723	3,453,795	11,694	64,993	472,735	549,422	4,003,217
Office/facility and other supplies	1,133,843	194,448	1,172,550	58,134	21,179	8,970	2,589,124	7,500	38,487	658,169	704,156	3,293,280
Minor equipment	755,988	166,140	197,558	7,956	29,328	17,643	1,174,613	15,756	-	1,635,666	1,651,422	2,826,035
Staff development	271,582	37,204	81,255	19,494	4,448	4,284	418,267	40,235	-	3,730,933	3,771,168	4,189,435
Purchased services	-	356	488,390	-	-	-	488,746	-	173,824	30,061	203,885	692,631
Postage/printing	448,997	30,117	42,315	21,360	4,948	7,058	554,795	282,231	-	1,193,699	1,475,930	2,030,725
Interest	1,125,389	86,468	980,517	12,115	-	-	2,204,489	-	-	955,775	955,775	3,160,264
Therapeutic services	62,881	-	172,233	-	-	-	235,114	-	-	-	-	235,114
Amortization of intangible assets	150,000	-	-	-	-	-	150,000	-	-	-	-	150,000
Indirect/offset	44,528,906	4,451,400	20,300,198	2,502,247	679,207	285,423	72,747,381	-	-	(72,747,381)	(72,747,381)	-
Other expenses/interdepartment transfer	49,889,345	3,895,883	6,727,722	593,480	60,311	17,936	61,184,677	84,526	-	(57,712,332)	(57,627,806)	3,556,871
	\$ 367,124,671	\$ 25,952,284	\$ 159,555,500	\$ 33,539,580	\$ 3,805,252	\$ 1,601,467	\$ 591,578,754	\$ 3,157,206	\$ 16,028,093	\$ 4,079,494	\$ 23,264,793	\$ 614,843,547

See notes to the consolidated financial statements.

AltaMed Health Services Corporation
Consolidated Statements of Cash Flows

	Years ended April 30	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 58,782,351	\$ 82,292,908
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,487,315	12,070,654
Loss from disposal of property and equipment	10,142	60,024
Amortization of intangible assets	-	150,000
Amortization of debt issuance costs	283,996	267,638
Change in fair value of marketable equity securities and investments - net	(10,546,191)	(11,560,387)
Change in fair value of interest rate swap	(34,768)	(301,011)
Provision for bad debts	2,167,902	1,564,177
Changes in operating assets and liabilities:		
Grants and contracts receivable	(1,323,933)	(909,997)
Patient accounts receivable	(2,744,075)	8,421,617
Managed care receivables	6,398,172	1,077,180
Contribution and other receivables	(364,227)	293,265
Inventories	(254,061)	(547,542)
Prepaid expenses	(1,993,178)	(3,119,818)
Deposits	124,084	(23,547)
Interest on loans receivable	(650,504)	(560,891)
Accounts payable and accrued expenses	14,528,848	3,571,289
Accrued salaries and employee benefits	5,049,665	3,449,951
Estimated payables to third-party payors	(1,163,433)	2,185,843
Claims payable	12,262,847	4,028,768
Grant and contract advances	(31,960,409)	47,214,621
Income tax payable	225,215	(845,825)
Deferred tax asset	(130,947)	-
Deferred tax liability	266,095	109,621
Other liabilities	4,657,172	1,253,486
Net cash provided by operating activities	68,078,078	150,142,024
Cash flows from investing activities:		
Net purchase of marketable securities and other investments	(43,049,947)	(73,274,310)
Collection of notes receivable	78,462	44,999
Loans receivable	(3,246,452)	(3,246,452)
Purchase of property and equipment	(67,963,319)	(32,646,379)
Net cash used in investing activities	(114,181,256)	(109,122,142)

See notes to the consolidated financial statements.

AltaMed Health Services Corporation
Consolidated Statements of Cash Flows (Continued)

	Years ended April 30	
	2019	2018
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	72,000,000	10,949,000
Payments of long-term debt	<u>(8,859,920)</u>	<u>(5,569,649)</u>
Net cash provided by financing activities	<u>63,140,080</u>	<u>5,379,351</u>
Net change in cash, cash equivalents and restricted cash	17,036,902	46,399,233
Cash, cash equivalents and restricted cash at beginning of year	<u>86,611,742</u>	<u>40,212,509</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 103,648,644</u>	<u>\$ 86,611,742</u>
Supplemental disclosure of cash flow information:		
Interest paid during the year	<u>\$ 4,913,834</u>	<u>\$ 3,800,266</u>
Income tax paid during the year	<u>\$ 188,821</u>	<u>\$ 1,152,360</u>

See notes to the consolidated 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, free storefront clinic in East Los Angeles. AltaMed has since evolved to become one of the largest Federally Qualified Health Centers (FQHC) in the country, with twenty-nine (29) fixed-site clinics providing medical, dental, and HIV services, as well as eight (8) Program of All-Inclusive Care for the Elderly (PACE) centers. In addition, three mobile units provide screening services throughout the service area, while eight administrative sites coordinate the organization's comprehensive care. Fully accredited by The Joint Commission, AltaMed provides a medical and dental home to more than 250,000 patients, predominantly low-income Latino families from communities across Los Angeles and Orange counties.

AltaMed believes that when people have access to care that looks at their individual health needs and respects their cultural preferences, they are more likely to help themselves and their families grow healthy. AltaMed's team of qualified multicultural and bilingual professionals, largely hired from within its Southern California service areas, are focused on eliminating barriers to primary care services, senior care programs, and even essential community services. AltaMed remains committed and ready to help communities grow healthy at any age.

During the years ended April 30, 2019 and 2018, AltaMed received the following mix of revenues from grantors, patients and third-party payors:

	2019	2018
Federal and state grants and contracts	4%	5%
Patient fees (primarily Medi-Cal and Medicare)	21%	19%
Managed care contracts	68%	69%
Others	7%	7%
	100%	100%

Affiliates

AltaMed Foundation

Since its establishment in 1987, the AltaMed Foundation (Foundation) has raised more than 30 million dollars to support AltaMed in its mission to increase access to comprehensive health and human services and reduce health care disparities in the communities of Southern California. The Foundation was organized under the laws of the California Nonprofit Public Benefit Corporation Law and its tax-exempt status has been determined by the State of California and under Section 501(c)(3) of the federal Internal Revenue Service tax code. The Foundation was formed to serve as the key volunteer leadership body for AltaMed's fundraising efforts and its funds are raised directly to advance the AltaMed mission.

NOTE 1 ORGANIZATION PROFILE (CONTINUED)

AltaMed Health Network, Inc.

In May 2012, AltaMed Health Network, Inc. (AHN) was organized under the Nonprofit Public Benefit Corporation Law for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. In August 2016, AHN converted from a California nonprofit public benefit corporation to a business corporation. The conversion was approved by the State of California in September 2016. AHN filed for a Restricted Knox Keene license with the California Department of Managed Health Care (DMHC) and has incurred legal, consulting and application fees advanced by AltaMed. The license was obtained in January 2019.

AltaMed Independent Physician Network, Inc.

On October 22, 2015, AltaMed Independent Physician Network, Inc. (AIPN) was incorporated as a professional corporation within the meaning of Part 4, Division 3, Title 1 of the California Corporations Code and the Moscone-Knox Professional Corporation Act. The purpose of the corporation is to engage in the profession of medicine and any other lawful activities (other than banking or trust company business) not prohibited to a corporation engaging in such profession by applicable laws and regulations. AIPN has 1,000 shares of authorized and issued common stock.

Oak Medical Corporation

On October 22, 2015, Oak Medical Corporation (OMC) was incorporated as a professional corporation within the meaning of Part 4, Division 3, Title 1 of the California Corporations Code and the Moscone-Knox Professional Corporation Act. The purpose of the corporation is to engage in the profession of medicine and any other lawful activities (other than banking or trust company business) not prohibited to a corporation engaging in such profession by applicable laws and regulations. OMC has authorized and issued 1,000 shares of common stock and is wholly owned by AIPN. OMC's corporate existence ceased after the completion of the merger on January 1, 2017 (see Note 7).

AltaMed Management Services, LLC

On October 23, 2015, AltaMed Management Services, LLC (AMS) was formed as a sole member limited liability company in California. The purpose of AMS is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act. AMS may not provide "professional services" as defined by California Corporations Code sections 13401(a) and 13401.3. The sole member is AltaMed Health Services Corporation.

Omnicare Medical Group, Inc.

Omnicare Medical Group, Inc. (OMG) is a California professional corporation the purpose of which is the establishment and operation of an independent practice association (IPA) of physicians in California. OMG contracts with health maintenance organizations (HMOs) to provide healthcare services to HMO enrollees (see Note 7).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Principal areas requiring the use of estimates include:

- Health plan contractual provisions that may limit revenue recognition based upon the costs incurred or the profits realized under a specific contract;
- The determination of medical claims and benefits payable of Health Plans
- Health plan quality incentives that allow us to recognize incremental revenue if certain quality standards are met;
- The assessment of deferred contract costs and deferred revenue
- The determination of valuation allowances on receivables;
- The assessment of estimates for claims incurred but not reported;
- Settlements under risk or savings sharing programs;
- The determination of estimated amount of settlements related to reconciliation and cost report audits to be performed for the fiscal years 2014 through 2019;
- The determination of valuation of goodwill;
- The determination of useful lives for property and equipment;
- The determination of valuation of investments and interest rate swap.

Consolidation

The consolidated financial statements include the accounts of AltaMed and its affiliates, AHN, AIPN, AMS and OMG (collectively, the Company). All material inter-company accounts and transactions are eliminated in consolidation. AHN, AIPN, AMS and OMG are subject to consolidation because AltaMed has substantial financial interest over these entities and met the accounting requirements for consolidation.

Accounting Records

The accounts of the Company 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 the equity method of accounting.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Assets Limited as to Use

Assets limited as to use primarily includes:

- Cash held in a trust account as additional security for the certificates of participation and letters of credit, amounting to \$1,876,941 and \$1,875,312, as of April 30, 2019 and 2018, respectively.
- Cash held in trust related to the California Statewide Communities Development Authority (CSCDA) Series 2007 Revenue Bonds amounting to \$717,457 and \$703,396 as of April 30, 2019 and 2018, respectively.
- Cash held in trust related to California Health Facilities Financing Authority (CHFFA) Series 2015A and 2015B Bonds amounting to \$11,315,423 and \$23,188,546 as of April 30, 2019 and 2018, respectively.
- Cash held in trust related to California Health Facilities Financing Authority (CHFFA) Series 2018A Bonds amounting to \$19,706,585 as of April 30, 2019.
- Restricted cash in Morgan Stanley bank amounting to \$36,728,714 as of April 30, 2018.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, equipment and automobiles	3-5 years
Leasehold improvements	5-20 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.

Goodwill

Goodwill represents the difference between the acquisition cost over the net fair value of the identifiable assets and liabilities acquired. Altamed evaluates goodwill on an annual basis or more frequently if management believes indicators of impairment exist. Such indicators could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator.

Altamed first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If management concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, management conducts a two-step quantitative goodwill impairment test. The first step of the impairment test involves comparing the fair value of the applicable reporting unit with its carrying value. Altamed estimates the fair value of its reporting units using a combination of the income, or discounted cash flows, approach and the market approach, which utilizes comparable companies' data. If the carrying amount of a reporting unit exceeds the reporting unit's fair value, management performs the second step of the goodwill impairment test. The second step of the goodwill impairment test involves comparing the implied fair value of the affected reporting unit's goodwill with the carrying value of that goodwill. The amount, by which the carrying value of the goodwill exceeds its implied fair value, if any, is recognized as an impairment loss. There were no impairment losses reported in 2019 and 2018.

Net assets without donor restrictions

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets with donor restrictions

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 net assets with donor restrictions. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated 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 contributions without donor restrictions in the accompanying consolidated financial statements.

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.

AltaMed has agreements with various health maintenance organizations (“HMO”) or independent practice associations (“IPA”) to provide medical and ancillary services to enrollees. Under these arrangements, AltaMed receives monthly capitation payments based on the number of each HMO’s or IPA’s enrollees assigned to AltaMed, regardless of the level of service provided. Capitation revenue (monthly payments per member) is recognized in the month in which the related enrollees are entitled to receive health care services.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services (medical, dental, senior services, HIV/AIDS programs, teen programs and research and development) and supporting services (fundraising and general administration) benefited. Such allocations are determined by management on an equitable basis. The allocation methodology chosen is based on benefits received or other readily identifiable measures of allocation or consumption such as:

- Square footage
- Units (visits, enrollment) or Usage
- Salaries
- Full time equivalents
- Percentage of expenses

AltaMed applies an indirect cost rate to all its non-administrative programs in the ratio expressed as a percentage, of an indirect cost pool to the direct cost base. In this manner, each program bears the same percentage of indirect costs to their total costs. In allocating indirect costs, AltaMed does not consider fundraising costs as part of the indirect cost pool.

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).

The Foundation 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).

AHN, AIPN and OMG, which are C corporations, utilize the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are computed at each balance sheet date for temporary differences between the financial statements and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on tax rates in effect in the years in which temporary differences are expected to affect taxable income. A valuation allowance is established when necessary to reduce deferred tax assets to the amounts that will more likely than not be realized.

A deferred tax liability of \$875,747 and \$609,652 was recognized by OMG as of April 30, 2019 and 2018, respectively. The deferred tax liability resulted from the amortization of goodwill for income tax purposes. A deferred tax asset of \$130,947 was recognized by AHN as of April 30, 2019 as a result from the amortization of start-up costs for income tax purposes. There were no deferred tax assets or liabilities for AIPN.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AMS is a limited liability company and is not a taxpaying entity for federal income tax purposes. Accordingly, AMS' taxable income or loss is allocated to its sole member, AltaMed. Provision for income tax for AMS is the minimum California tax of \$800. In addition to the minimum California tax, a limited liability company is subject to an annual fee based on total income on a progressive scale ranging from \$0 to \$11,790.

Income of the Company is taxed in the respective tax return of the member.

The Company 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.

The Company's income tax returns remain subject to examination for all tax years ended on or after April 30, 2014 with regard to all tax positions and results reported.

Interest Rate Swap

AltaMed has an interest rate swap to hedge against cash flow fluctuations on its long-term debt. The interest rate swap is measured at fair value and recognized as either an asset or a liability in the consolidated 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

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Company has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 3 AVAILABILITY AND LIQUIDITY

At April 30, the following represents AltaMed's financial assets:

	2019	2018
Financial assets		
Cash and cash equivalents	\$ 70,032,238	\$ 24,115,774
Marketable securities	428,170,625	377,476,426
Grants and contracts receivable	7,051,327	5,727,394
Patient accounts receivable - net of allowance	10,502,066	9,925,893
Managed care receivable - net of allowance	18,490,589	24,888,761
Contribution and other receivables	2,451,166	2,086,939
Notes receivable	48,000	80,000
Loans and accrued interest receivable	32,309,138	28,412,182
Other investments	12,253,429	9,351,490
	581,308,578	482,064,859
Less: amounts not available to be used within one year:		
Noncurrent portion of notes receivable	-	(46,462)
Loans and accrued interest receivable	(32,309,138)	(28,412,182)
Other investments	(12,253,429)	(9,351,490)
	\$ 536,746,011	\$ 444,254,725
Financial assets available to meet general expenditures over the next twelve months		

As part of AltaMed's liquidity plan, the Company invests excess cash in short and long-term investments, including money market accounts, fixed income and equity securities.

AltaMed Health Services Corporation
Notes to Consolidated Financial Statements
Years ended April 30, 2019 and 2018

NOTE 4 MARKETABLE SECURITIES AND OTHER INVESTMENTS

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

	<u>Type</u>	<u>2019</u>	<u>%</u>	<u>2018</u>	<u>%</u>
Equity Securities					
Domestic Equity	U.S. Large Cap Equity	\$ 75,362,813	17%	\$ 75,957,465	20%
Domestic Equity	U.S. Small/Mid Cap Equity	75,248,043	17%	76,602,621	20%
International Equity	Developed Non-U.S. Equity	63,122,430	14%	29,902,966	7%
		<u>213,733,286</u>	<u>49%</u>	<u>182,463,052</u>	<u>47%</u>
Absolute Return / Fixed Income					
Fixed Income	Taxable Government and Government				
	Sponsored Enterprise/Corporate Bonds	214,437,339	48%	195,013,374	51%
	Total Marketable Securities	<u>428,170,625</u>	<u>97%</u>	<u>377,476,426</u>	<u>98%</u>
Other Investments					
Equity investment - investment in Arlington Insurance Company, Ltd. (Note 10)					
		4,077,793	1%	4,818,679	1%
Investment in SERP (Note 18)					
		1,754,473	0%	1,541,962	0%
Investment in 457(b) Plan (Note 18)					
		4,266,196	1%	2,841,738	1%
Investment in 457 (f) Providers Investment (Note 18)					
		1,905,018	1%	-	0%
Other investments - certificates of deposits					
		249,949	0%	149,111	0%
	Total Other Investments	<u>12,253,429</u>	<u>3%</u>	<u>9,351,490</u>	<u>2%</u>
		<u>\$ 440,424,054</u>	<u>100%</u>	<u>\$ 386,827,916</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>2019</u>	<u>2018</u>
Quoted Prices in Active Markets (Level 1)	\$ 436,346,261	\$ 382,009,237
Significant Unobservable Inputs (Level 3)	4,077,793	4,818,679
	<u>\$ 440,424,054</u>	<u>\$ 386,827,916</u>

The Level 3 investments consist primarily of AltaMed's investments in workers' compensation captive insurance company in 2019 and 2018.

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

	<u>2019</u>	<u>2018</u>
Balance, May 1	\$ 4,818,679	\$ 3,290,507
Net change in value of investments	(740,886)	1,528,172
Balance, April 30	<u>\$ 4,077,793</u>	<u>\$ 4,818,679</u>

NOTE 5 PROPERTY AND EQUIPMENT

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

	2019	2018
Land	\$ 40,549,471	\$ 37,244,225
Buildings and leasehold improvements	135,866,849	123,770,289
Construction in progress	62,120,266	21,620,262
Furniture, equipment and automobiles	85,463,414	73,921,593
	324,000,000	256,556,369
Less: accumulated depreciation and amortization	(94,763,184)	(80,785,415)
	\$ 229,236,816	\$ 175,770,954

Depreciation and amortization for the years ended April 30, 2019 and 2018, amounted to \$14,487,315 and \$12,070,654, respectively.

NOTE 6 PROPERTY ACQUISITIONS AND NOTES RECEIVABLE

In fiscal year 2015, the Board of Directors approved for AltaMed to enter into loan and lease agreements in connection with the acquisition of properties for the construction of additional office space, a parking structure and two medical office buildings. In connection with these acquisitions, AltaMed entered into lease and loan agreements (the Notes) with the landlords to fund the purchase of land and improvements. Under the lease agreements, AltaMed has the option to purchase the properties and will not pay rent during the terms of the leases in consideration of the Notes. The loans are non-interest bearing, matures in five years, and are secured by deeds of trust. As of April 30, 2019 and 2018, except for the property on Telegraph Road and 2035 Camfield, the properties were in operation and the related notes receivable have been collected.

Capitalized interest for the years ended April 30, 2019 and 2018 amounted to \$2,095,549 and \$665,495, respectively.

Notes receivable amounted to \$48,000 and \$126,462 as of April 30, 2019 and 2018, respectively.

NOTE 7 MERGER AND ACQUISITION

On December 4, 2015, AIPN (parent), OMC (merger sub), a wholly owned subsidiary of AIPN, OMG, the representatives of shareholders of OMG, and AltaMed entered into merger and lending agreements. The Buyer parties were AIPN and OMC. The merger agreement provided the merger of OMC and OMG which resulted in OMG being the surviving company. All the assets, rights, privileges, powers and franchises of OMG and OMC were vested in OMG, the surviving company, and all debts, liabilities and duties of OMG and OMC became the debts, liabilities and duties of OMG.

NOTE 7 MERGER AND ACQUISITION (CONTINUED)

OMG continues to be a wholly owned subsidiary of AIPN. The separate corporate existence of OMC ceased upon the completion of the merger on January 1, 2017. Consideration of the merger paid by OMC was \$13,000,000 of which \$2,500,000 is a holdback amount or contingent payment. The holdback amount was deposited with the escrow agent and was released in accordance with the terms and conditions of the merger agreement which is dependent upon the medical loss ratio (MLR) calculation for the year ended December 31, 2016. The portion of the holdback amount which was not payable to the shareholders was released and paid to AIPN within 30 days after the final determination of the MLR calculation and was not included as part of the merger consideration. Through April 30, 2017, post-acquisition adjustments were taken increasing the goodwill by \$134,527. No adjustments were taken in 2018 and 2019.

NOTE 8 AFFILIATES

The consolidated affiliates, OMG, AIPN, AHN and AMS are for-profit entities and are included in AltaMed's consolidated financial statements. The amounts of OMG's, AIPN's and AMS' revenue and earnings are presented in the consolidating statement of activities in the supplementary information.

NOTE 9 LIFE 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, 2019 and 2018, totaled \$32,309,138 and \$28,412,182, respectively, which includes interest accrued of \$2,931,727 and \$2,281,223, respectively.

NOTE 10 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 \$1,289,682 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, 2019 and 2018 were \$5,823,899 and \$5,879,516, respectively, and are included in the accompanying consolidated statements 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.

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

	2019	2018
Total assets	\$ <u>10,589,202</u>	\$ <u>14,998,779</u>
Total reserves and other liabilities	\$ 6,511,409	\$ 10,180,100
Accumulated segregated accounts surplus	<u>4,077,793</u>	<u>4,818,679</u>
Total liabilities and segregated accounts surplus	\$ <u>10,589,202</u>	\$ <u>14,998,779</u>

AltaMed Health Services Corporation
Notes to Consolidated Financial Statements
Years ended April 30, 2019 and 2018

NOTE 11 LONG-TERM DEBT

A summary of long-term debt at April 30, 2019 and 2018 is as follows:

	2019	2018
California Health Facilities Financing Authority (CHFFA) Series 2015A Bonds, \$90,560,000 at 3.37% maturing in October 2040. The debt is subject to certain covenants and restrictions with which Altamed must comply.	\$ 82,832,000	\$ 85,545,000
California Health Facilities Financing Authority (CHFFA) Series 2015B Bonds, \$11,000,000 at variable interest rate maturing in October 2035.	10,175,000	10,725,000
California Health Facilities Financing Authority (CHFFA) Program Revenue Series 2015 A Note, \$17,200,000 at 1.92% maturing in September 2022. The debt is subject to certain covenants and restrictions with which Altamed must comply.	8,683,848	11,119,635
California Statewide Communities Development Authority (CSCDA) Series 2007 Revenue Bonds, \$7,012,000 at 80% of 1-month LIBOR, plus 120 basis points, due December 2022. Interest and principal payments are due monthly, collateralized by a real property owned by AltaMed in the City of El Monte. The debt is subject to certain covenants and restrictions with	5,003,206	5,237,608
California Health Facilities Financing Authority (CHFFA) Program Revenue Series 2018 A Note, \$20,000,000 at 3.18% maturing in October 2023. The debt is subject to certain covenants and restrictions with which Altamed must comply.	18,139,959	-
Bank of America Note, \$3,000,000 at 4.17% maturing in October 2023. The debt is subject to certain covenants and restrictions with which Altamed must comply.	2,727,318	-
Credit agreement with Bank of America, Bank of the West and California Bank & Trust, a division of Zions Bankcorporation, N.A for the aggregate amount of \$49,000,000. Payments are made in the manner and at the times and places provided in the Credit Agreement.	48,435,000	-
Total long-term debt	175,996,331	112,627,243
Less debt issuance cost	1,127,082	1,182,070
Long-term debt less debit issuance cost	174,869,249	111,445,173
Less current portion	11,616,550	5,933,188
Noncurrent portion \$	163,252,699	\$ 105,511,985

NOTE 11 LONG-TERM DEBT (CONTINUED)

Series 2015 Bonds

On October 1, 2015, AltaMed requested the California Health Facilities Financing Authority (CHFFA) to issue revenue bonds in an aggregate principal amount not to exceed \$130,000,000 to finance, including reimburse for, the costs of acquisition, construction, expansion, remodeling, furnishing and equipping of certain health facilities, and to refinance certain bank debt in connection with the acquisition, construction, expansion, remodeling, renovation, furnishing and equipping of certain health facilities.

In October 2015, AltaMed (Borrower) entered into various bond financing agreements, including the Master Trust Indenture (Bond Indenture) dated October 1, 2015, with the CHFFA (Issuer) and The Bank of New York Mellon Trust Company, N.A. (Trustee) in connection with the issuance by the Issuer of 2015A Bonds and the 2015B Bonds.

For the year ended April 30, 2016, the CHFFA authorized the issuance of revenue bonds Series 2015A (2015A Bonds) consisting of four Subseries in an aggregate principal amount of \$90,560,000, and the issuance of variable revenue bonds Series 2015B bonds (2015B Bonds) in the amount of \$11,000,000. The Bonds are broken down as follows:

Subseries 2015A-1	\$	24,300,000
Subseries 2015A-2		28,260,000
Subseries 2015A-3		13,000,000
Subseries 2015A-4		25,000,000
Total 2015A Series Bonds		90,560,000
2015B Series Bonds		11,000,000
	\$	101,560,000

The Bond Indentures are supported by loan agreements dated October 1, 2015 between the Issuer and the Borrower. The Bonds are also subject to the provision of the Bond Indenture between AltaMed and the Trustee, for the purpose of providing for the issuance from time to time of obligations to provide for the financing or refinancing of acquisitions, construction, equipping or improvements of health care or other facilities, or for lawful and proper corporate purposes. The Bonds were issued to financial institutions with mandatory tender date of October 1, 2022. The 2015A Bonds mature on October 1, 2040, the 2015B Bonds mature on October 1, 2035.

The bonds accrue interest at the term rate not to exceed the lesser of 24% per annum and the maximum rate of interest on the relevant obligation permitted by law. The maximum interest rate permitted by law was 3.36% for the years ended April 30, 2019 and 2018 for the 2015A Bonds. The maximum interest rate permitted by law was 1.90% for the years ended April 30, 2019 and 2018 for the 2015B Bonds. The 2015B Bonds are draw-down bonds of which \$0 and \$10,949,000 were drawn as of April 30, 2019 and 2018, respectively.

NOTE 11 LONG-TERM DEBT (CONTINUED)

Use of funds from the Bonds is restricted to costs of facilities such as construction costs, costs relating to acquisition, paydown of line of credit used to acquire a facility. AltaMed is subject to certain financial covenants such as days cash on hand, debt service coverage ratio, debt to capitalization ratio, among others. As of and for the years ended April 30, 2019 and 2018, AltaMed is in compliance with these restrictions and covenants.

Series A Note

On September 1, 2015, AltaMed (Borrower) entered into a master financing agreement with the CHFFA (Issuer) and Banc of America Public Capital Corp. (Lender), for CHFFA to issue revenue bonds to finance the purchase of equipment.

On September 29, 2015, pursuant to the master financing agreement, AltaMed entered into an equipment financing agreement with the Lender for the purchase by the Lender of the \$17,200,000 Series A Note from the Issuer. Payments of the loan will be made directly by AltaMed to the Lender. The note is subject to certain financial covenants. As of and for the years ended April 30, 2019 and 2018, AltaMed is in compliance with these covenants.

Series 2007 Bonds

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 12). The bonds are subject to certain restrictions and financial covenants. As of and for the years ended April 30, 2019 and 2018, AltaMed is in compliance with these restrictions and covenants.

Series 2018 Bonds

On October 1, 2018, AltaMed (Borrower) entered into a master financing agreement with the CHFFA (Issuer) to issue \$20,000,000 revenue bonds to finance the costs of acquisition and installation of certain health care equipment, and to finance the acquisition, installation and implementation of an Electronic Medical Records System.

Commercial Loan

On October 30, 2018, AltaMed (Borrower) entered into a master loan and security agreement with Bank of America Leasing & Capital LLC (Lender) for the financing of certain healthcare equipments. The \$3,000,000 loan is payable in sixty consecutive monthly payments of principal and interest of 4.17% per annum or, if less, the highest rate of interest permitted by applicable law from the advance date until the principal amount is paid in full.

Credit Agreement

On October 23, 2018, AltaMed (Borrower) entered into a credit agreement with Bank of America, Bank of the West and California Bank & Trust, a division of Zions Bankcorporation, N.A. (Lenders) for the aggregate amount of \$49,000,000. AltaMed shall repay lenders the principal amount of all loans outstanding on the dates in the respective amounts set forth in the agreement.

NOTE 11 LONG-TERM DEBT (CONTINUED)

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

Year ending April 30	Amount
2020	\$ 11,616,550
2021	11,955,950
2022	12,309,895
2023	15,057,041
2024	7,547,895
Thereafter	117,509,000
Total	\$ 175,996,331

Interest on long-term debt charged as expense amounted to \$3,381,690 and \$3,160,264, respectively, for the years ended April 30, 2019 and 2018.

NOTE 12 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.

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:

Current Notional amount	-	\$5,003,206
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, 2019 and 2018, a swap liability of \$420,360 and \$455,128 respectively, is recorded as part of AltaMed's noncurrent liabilities. The fair values were the quoted market prices at April 30, 2019 and 2018.

The swap counterparty was rated A/Stable by Standard & Poor's as of April 30, 2019.

AltaMed Health Services Corporation
Notes to Consolidated Financial Statements
Years ended April 30, 2019 and 2018

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

At April 30, net assets with donor restrictions which are available for future periods are as follows:

	2019	2018
Donated property	\$ 1,869,231	\$ 1,896,261
Contributions received for various programs	1,926,841	805,952
	\$ 3,796,072	\$ 2,702,213

Donated property

On May 31, 2007, the County of Los Angeles (County) 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 certain terms and conditions.

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, 2019 and 2018, balances released from restriction amounted to \$27,030.

NOTE 14 INCOME TAXES

The federal and state income tax provision for the years ended April 30, 2019 and 2018 is summarized as follows:

	2019	2018
Current:		
Federal	\$ 382,020	\$ 137,356
State	163,922	60,298
	545,942	197,654
Deferred:		
Federal	17,684	54,810
State	117,464	77,733
	135,148	132,543
 Total provision for income taxes	 \$ 681,090	 \$ 330,197

OMG's effective income tax rate is higher than what would be expected if the federal statutory rate were applied to income before income taxes primarily because of certain expenses deductible for tax purposes that are not deductible for financial reporting purposes.

NOTE 14 INCOME TAXES (CONTINUED)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The major temporary difference that gave rise to the deferred tax liabilities and assets is the amortization of goodwill for OMG and amortization of start-up costs for AHN.

NOTE 15 COMMITMENTS

The Company occupies certain facilities and leases certain equipment under both month-to-month and long-term lease agreements expiring through August 2027. Future minimum rental payments under these non-cancelable lease terms in excess of one year at April 30, 2019 are as follows:

Year ending April 30	Amounts
2020	\$ 8,206,609
2021	8,206,609
2022	8,206,609
2023	8,206,609
2024	8,206,609
Thereafter	56,762,382
Total	\$ 97,795,427

For the year ended April 30, 2019 and 2018, total rent expense amounted to \$7,989,314 and \$7,825,702 for facilities and equipment, respectively.

NOTE 16 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, 2019 and 2018, AltaMed paid \$622,185 in each year, respectively, of expenses payable to UST.

AltaMed is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its activities. Management, based on consultation with its legal counsel, believes that the \$1.1 million liability that was recognized is sufficient to cover the possible outcomes of these cases after consideration of its insurance coverage of \$1.5 million.

NOTE 17 PATIENT FEES AND MANAGED CARE CONTRACTS

For the years ended April 30, 2019 and 2018, 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.

	2019	2018
Patient service revenue		
Medi-Cal	77%	77%
Medicare	4%	4%
Managed care contracts		
Medi-Cal	73%	70%
Medicare	21%	13%

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 Care Services (DHCS).

In 2018, the DHCS conducted audits of prior year reconciliation reports covering the fiscal year ended April 30, 2014 and, as of April 30, 2019, the DHCS audit has not yet been finalized. For the years ended April 30, 2019 and 2018, AltaMed recorded net revenue of \$623,374 and \$10,891,632, respectively, of estimated annual reconciliations and settlements. For the years ended April 30, 2019 and 2018, AltaMed received \$483,770 and \$348,424, respectively, as settlements for prior periods. As of April 30, 2019 and 2018, \$ 3,649,722 and \$2,761,706 are included in estimated payables to third-party payor, respectively, related to expected cost report settlements.

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 the Company. 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.

NOTE 17 PATIENT FEES AND MANAGED CARE CONTRACTS (CONTINUED)

The Company'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, 2019 and 2018, including estimated IBNR, is \$51,783,913 and \$39,521,066, respectively.

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. Participants are immediately vested for their entire contributions plus actual earnings thereon. Employer matching contributions are 100% vested immediately. Employees begin participation in the Plan through elective deferrals beginning on the date of hire. Employees are eligible to receive matching contributions after twelve months of service. AltaMed's matching contribution expense for the years ended April 30, 2019 and 2018 was \$5,110,142 and \$4,424,750, 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 \$1,754,473 and \$1,541,962 as of April 30, 2019 and 2018, respectively, have been recorded and reflected in the accompanying consolidated 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) (the "Plan"). 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, 2019 and 2018, \$4,266,196 and \$2,841,738, respectively, has been deferred based on elections made by Plan participants and is included in investments and other long-term liabilities in the accompanying consolidated statements of financial position.

Effective May 1, 2018, AltaMed has established a deferred compensation plan for eligible physicians under IRC Section 457(f)(the "Plan"). Funding under the Plan is discretionary. The participants are entitled to receive the Plan benefits 60 days after the earliest of the vesting date or certain provisions described in the Plan Agreement. As of April 30, 2019, \$1,905,018 and \$661,602 has been recorded and reflected in the accompanying consolidated statements of financial position in investments and other long-term liabilities, respectively.

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, 2019 and 2018 that exceeded the balance insured by the FDIC by approximately \$100,768,557 and \$61,021,288, respectively.

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 \$12,218,909 in cash and equivalents and \$428,170,625 in securities as of April 30, 2019 and \$44,305,775 in cash and \$377,476,426 in securities as of April 30, 2018.

As of April 30, 2019, \$10,832,680 or 56% of the total gross patient accounts receivable and \$15,284,214 or 99% of managed care receivables were Medi-Cal fees receivable. At April 30, 2018, \$9,052,586 or 59% of the total gross patient accounts receivable and \$23,083,148 or 95% of managed care receivables were Medi-Cal fees receivable. Contracts receivable are due from federal and state agencies.

NOTE 20 RELATED PARTY TRANSACTIONS

Management Services and Cost-Sharing Agreements

In January 2016, AltaMed and AMS entered into a management services and cost-sharing agreement. AMS concurrently entered into agreements with AIPN and OMG to provide management, financial, supervisory and administrative services required to manage the business operations of AIPN and OMG's medical practices. AMS utilizes AltaMed's facilities and certain administrative and other professional services to be provided by or on behalf of AltaMed, including, without limitation, certain services by current employees of AltaMed. In this regard, AltaMed utilizes certain of its excess capacity with respect to its facilities and certain personnel. For the years ended April 30, 2019 and 2018, amount charged to AMS for management services provided under the agreements amounted to \$1,933,119 and \$1,651,669, respectively. As of April 30, 2019 and 2018, balances amounting to \$3,456,150 and \$235,467 remains due and outstanding.

In January 2016, AIPN and OMG entered into a management services agreement with AMS for AMS to provide the management, financial, supervisory and administrative services required to manage the business operations of AIPN's and OMG's medical practice and IPA. For the years ended April 30, 2019 and 2018, charges to OMG amounted to \$1,842,323 and \$1,635,546, respectively. No amount was charged to AIPN during the period. Amount due to AMS from OMG amounted to \$490,866 and \$401,859 as of April 30, 2019 and 2018, respectively.

NOTE 20 RELATED PARTY TRANSACTIONS (CONTINUED)

Guaranty

In December 2015, AltaMed, as part of its negotiations with OMG, issued a guaranty with reference to the agreement and plan of merger among AIPN, OMC and OMG and the shareholders' representative. AltaMed unconditionally guarantees to each shareholder of OMG the full and prompt payment when due and payable, and the performance of all obligations of AIPN required under the merger agreement.

Credit and Security Agreement

In December 2015, OMC and AltaMed entered into a credit and security agreement for AltaMed to make available to OMC the credit financing facility. After the completion of the merger in December 31, 2015, OMC's corporate existence ceased and the successor borrower to the agreement is OMG.

Promissory Note

In December 2015, in relation to the credit and security agreement, OMC issued a promissory note to AltaMed, to repay the \$13,000,000 loan from AltaMed on or before December 31, 2025. Interest is payable in arrears at the applicable federal rate. Accrued and unpaid interest shall be due and payable in arrears on the first day of each consecutive month beginning with the calendar month immediately following the date the loan is made, with all remaining accrued and unpaid interest due and payable on termination date. Accrued interest as of April 30, 2019 and 2018 amounted to \$20,198 and \$22,895, respectively.

Notes Receivable - AHN

In October 2017, AHN obtained a subordinated, unsecured, revolving line of credit loan from AltaMed in the amount of \$6,000,000. The loan is to maintain the tangible net equity required for AHN to maintain compliance with the Knox Keene Act. It is also used by AHN to qualify, after its initial operations, for quarterly financial reporting and pay all its obligations when due.

Fundraising

The Foundation raises funds directly for AltaMed for use to advance its mission. There are no material intercompany charges between AltaMed and the Foundation.

Legal, Consulting and Licensing Fees

AHN has incurred legal, consulting and licensing fees in processing the Restricted Knox Keene License which have been advanced by AltaMed. Amounts advanced by AltaMed for legal, consulting and licensing fees amounted to \$622,944 and \$560,779 as of April 30, 2019 and 2018, respectively.

NOTE 21 CHARITY CARE

AltaMed provides care to patients who meet certain criteria without charge or at amounts less than its established rates, which are classified as charity care. AltaMed does not pursue collection of these amounts as they are determined to qualify as charity care, and thus are not reported as revenue.

Charity care may be provided to patients who are uninsured or underinsured and demonstrated an inability to pay for medical services. The cost of charity care for the fiscal years ended April 30, 2019 and 2018 amounted to \$16,969,387 and \$14,222,000, respectively. Charity care is calculated based on gross charges. Funds received from gifts and grants to subsidize charity services provided for the fiscal years April 30, 2019 and 2018 amounted to \$10,502,289 and \$10,705,426, respectively.

NOTE 22 MEDICAL MALPRACTICE CLAIMS

AltaMed purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon AltaMed's claim experience, no such accrual has been made.

NOTE 23 SUBSEQUENT EVENTS

AltaMed has evaluated events or transactions that occurred subsequent to the balance sheet date through August 26, 2019, the date the accompanying consolidated financial statements were available to be issued, for potential recognition or disclosure in the consolidated financial statements. AltaMed determined that no subsequent matters required disclosure or adjustment to the accompanying consolidated financial statements.

SUPPLEMENTARY INFORMATION

AltaMed Health Services Corporation
Consolidating Statement of Financial Position
Year ended April 30, 2019

	<u>ALTAMED</u>	<u>OMG</u>	<u>AMS</u>	<u>AIPN</u>	<u>AHN</u>	<u>Elimination</u>	<u>Consolidated</u>
ASSETS							
Current assets							
Cash and cash equivalents	\$ 59,987,792	\$ 3,986,745	\$ 309,419	\$ 56,801	\$ 5,691,481	\$ -	\$ 70,032,238
Marketable securities	428,170,625	-	-	-	-	-	428,170,625
Grants and contracts receivable	7,051,327	-	-	-	-	-	7,051,327
Patient accounts receivable - net of allowance for bad debts of \$2,813,123	10,502,066	-	-	-	-	-	10,502,066
Managed care receivables	15,474,904	3,015,685	-	-	-	-	18,490,589
Contribution and other receivables	2,402,281	48,885	-	-	-	-	2,451,166
Notes receivable	1,304,061	-	-	-	-	(1,256,061)	48,000
Due from related parties	4,350,138	60,000	490,866	-	-	(4,901,004)	-
Inventories	1,622,836	-	-	-	-	-	1,622,836
Current portion of assets limited as to use	21,513,797	-	-	-	301,479	-	21,815,276
Prepaid expenses	6,092,245	-	-	-	7,963	-	6,100,208
Total current assets	<u>558,472,072</u>	<u>7,111,315</u>	<u>800,285</u>	<u>56,801</u>	<u>6,000,923</u>	<u>(6,157,065)</u>	<u>566,284,331</u>
Noncurrent assets							
Property and equipment - net	229,224,175	-	-	-	12,641	-	229,236,816
Noncurrent portion of notes receivable	13,890,096	-	-	-	-	(13,890,096)	-
Loans and accrued interest receivable	32,309,138	-	-	-	-	-	32,309,138
Other investments	12,253,429	-	-	1,000	-	(1,000)	12,253,429
Assets limited as to use, net of current portion	11,801,130	-	-	-	-	-	11,801,130
Goodwill	-	13,134,527	-	-	-	-	13,134,527
Deferred tax asset	-	-	-	-	130,947	-	130,947
Deposits	2,442,829	4,830	-	-	-	-	2,447,659
Total noncurrent assets	<u>301,920,797</u>	<u>13,139,357</u>	<u>-</u>	<u>1,000</u>	<u>143,588</u>	<u>(13,891,096)</u>	<u>301,313,646</u>
Total assets	<u>\$ 860,392,869</u>	<u>\$ 20,250,672</u>	<u>\$ 800,285</u>	<u>\$ 57,801</u>	<u>\$ 6,144,511</u>	<u>\$ (20,048,161)</u>	<u>\$ 867,597,977</u>
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable and accrued expenses	\$ 47,969,266	\$ 1,605,365	\$ -	\$ -	\$ 188,712	\$ (208,910)	\$ 49,554,433
Income tax payable	-	225,215	-	-	-	-	225,215
Accrued salaries and employee benefits	27,673,810	-	-	-	-	-	27,673,810
Estimated payables to third-party payor	8,220,698	-	-	-	-	-	8,220,698
Claims payable	50,057,768	1,726,145	-	-	-	-	51,783,913
Grant and contract advances	16,795,858	-	-	-	-	-	16,795,858
Current portion of long-term debt	11,616,550	1,254,061	-	-	-	(1,254,061)	11,616,550
Total current liabilities	<u>162,333,950</u>	<u>4,810,786</u>	<u>-</u>	<u>-</u>	<u>188,712</u>	<u>(1,462,971)</u>	<u>165,870,477</u>
Noncurrent liabilities							
Deferred tax liability	-	871,975	-	-	3,772	-	875,747
Interest rate swap	420,360	-	-	-	-	-	420,360
Long-term debt, net of current portion	163,252,699	7,892,096	-	-	6,000,000	(13,892,096)	163,252,699
Due to related parties	-	490,866	3,456,150	122,135	622,943	(4,692,094)	-
Other long-term liabilities	9,220,612	-	-	-	-	-	9,220,612
Total noncurrent liabilities	<u>172,893,671</u>	<u>9,254,937</u>	<u>3,456,150</u>	<u>122,135</u>	<u>6,626,715</u>	<u>(18,584,190)</u>	<u>173,769,418</u>
Total liabilities	<u>335,227,621</u>	<u>14,065,723</u>	<u>3,456,150</u>	<u>122,135</u>	<u>6,815,427</u>	<u>(20,047,161)</u>	<u>339,639,895</u>
Net assets							
Equity	-	1,000	-	1,000	-	(1,000)	1,000
Without donor restrictions	521,369,176	-	-	-	-	-	521,369,176
With donor restrictions	3,796,072	-	-	-	-	-	3,796,072
Retained earnings	-	6,183,949	(2,655,865)	(65,334)	(670,916)	-	2,791,834
Total net assets	<u>525,165,248</u>	<u>6,184,949</u>	<u>(2,655,865)</u>	<u>(64,334)</u>	<u>(670,916)</u>	<u>(1,000)</u>	<u>527,958,082</u>
Total liabilities and net assets	<u>\$ 860,392,869</u>	<u>\$ 20,250,672</u>	<u>\$ 800,285</u>	<u>\$ 57,801</u>	<u>\$ 6,144,511</u>	<u>\$ (20,048,161)</u>	<u>\$ 867,597,977</u>

See report of independent auditors.

AltaMed Health Services Corporation
Consolidating Statement of Financial Position
Year ended April 30, 2018

	<u>ALTAMED</u>	<u>OMG</u>	<u>AMS</u>	<u>AIPN</u>	<u>AHN</u>	<u>Elimination</u>	<u>Consolidated</u>
ASSETS							
Current assets							
Cash and cash equivalents	\$ 12,783,602	\$ 5,313,118	\$ 315,235	\$ 4,398	\$ 5,699,421	\$ -	\$ 24,115,774
Marketable securities	377,476,426	-	-	-	-	-	377,476,426
Grants and contracts receivable	5,727,394	-	-	-	-	-	5,727,394
Patient accounts receivable - net of allowance for bad debts of \$2,259,985	9,925,893	-	-	-	-	-	9,925,893
Managed care receivables	24,210,323	678,438	-	-	-	-	24,888,761
Contribution and other receivables	2,034,054	52,885	-	-	-	-	2,086,939
Notes receivable	1,301,301	-	-	-	-	(1,221,301)	80,000
Due from related parties	932,316	-	401,859	-	-	(1,334,175)	-
Inventories	1,368,775	-	-	-	-	-	1,368,775
Current portion of assets limited as to use	38,932,109	-	-	-	300,000	-	39,232,109
Prepaid expenses	3,969,159	137,871	-	-	-	-	4,107,030
Total current assets	<u>478,661,352</u>	<u>6,182,312</u>	<u>717,094</u>	<u>4,398</u>	<u>5,999,421</u>	<u>(2,555,476)</u>	<u>489,009,101</u>
Noncurrent assets							
Property and equipment - net	175,748,832	-	-	-	22,122	-	175,770,954
Noncurrent portion of notes receivable	15,192,619	-	-	-	-	(15,146,157)	46,462
Loans and accrued interest receivable	28,412,182	-	-	-	-	-	28,412,182
Other investments	9,351,490	-	-	1,000	-	(1,000)	9,351,490
Assets limited as to use, net of current portion	23,263,859	-	-	-	-	-	23,263,859
Goodwill	-	13,134,527	-	-	-	-	13,134,527
Deposits	2,566,913	4,830	-	-	-	-	2,571,743
Total noncurrent assets	<u>254,535,895</u>	<u>13,139,357</u>	<u>-</u>	<u>1,000</u>	<u>22,122</u>	<u>(15,147,157)</u>	<u>252,551,217</u>
Total assets	<u>\$ 733,197,247</u>	<u>\$ 19,321,669</u>	<u>\$ 717,094</u>	<u>\$ 5,398</u>	<u>\$ 6,021,543</u>	<u>\$ (17,702,633)</u>	<u>\$ 741,560,318</u>
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable and accrued expenses	\$ 33,807,910	\$ 1,240,570	\$ -	\$ -	\$ 68,712	\$ (91,607)	\$ 35,025,585
Income tax payable	-	-	-	-	-	-	-
Accrued salaries and employee benefits	22,624,145	-	-	-	-	-	22,624,145
Estimated payables to third-party payor	9,384,131	-	-	-	-	-	9,384,131
Claims payable	37,780,697	1,740,369	-	-	-	-	39,521,066
Grant and contract advances	48,506,267	250,000	-	-	-	-	48,756,267
Current portion of long-term debt	5,933,188	1,221,301	-	-	-	(1,221,301)	5,933,188
Total current liabilities	<u>158,036,338</u>	<u>4,452,240</u>	<u>-</u>	<u>-</u>	<u>68,712</u>	<u>(1,312,908)</u>	<u>161,244,382</u>
Noncurrent liabilities							
Deferred tax liability	-	609,652	-	-	-	-	609,652
Interest rate swap	455,128	-	-	-	-	-	455,128
Long-term debt, net of current portion	105,511,985	9,146,157	-	-	6,000,000	(15,146,157)	105,511,985
Due to related parties	-	401,859	235,468	44,462	560,779	(1,242,568)	-
Other long-term liabilities	4,563,440	-	-	-	-	-	4,563,440
Total noncurrent liabilities	<u>110,530,553</u>	<u>10,157,668</u>	<u>235,468</u>	<u>44,462</u>	<u>6,560,779</u>	<u>(16,388,725)</u>	<u>111,140,205</u>
Total liabilities	<u>268,566,891</u>	<u>14,609,908</u>	<u>235,468</u>	<u>44,462</u>	<u>6,629,491</u>	<u>(17,701,633)</u>	<u>272,384,587</u>
Net assets							
Equity	-	1,000	-	1,000	-	(1,000)	1,000
Without donor restrictions	461,928,143	-	481,626	-	-	-	462,409,769
With donor restrictions	2,702,213	-	-	-	-	-	2,702,213
Retained earnings	-	4,710,761	-	(40,064)	(607,948)	-	4,062,749
Total net assets	<u>464,630,356</u>	<u>4,711,761</u>	<u>481,626</u>	<u>(39,064)</u>	<u>(607,948)</u>	<u>(1,000)</u>	<u>469,175,731</u>
Total liabilities and net assets	<u>\$ 733,197,247</u>	<u>\$ 19,321,669</u>	<u>\$ 717,094</u>	<u>\$ 5,398</u>	<u>\$ 6,021,543</u>	<u>\$ (17,702,633)</u>	<u>\$ 741,560,318</u>

See report of independent auditors.

AltaMed Health Services Corporation
Consolidating Statement of Activities
Year ended April 30, 2019

	<u>ALTAMED</u>	<u>OMG</u>	<u>AMS</u>	<u>AIPN</u>	<u>AHN</u>	<u>Elimination</u>	<u>Consolidated</u>
Changes in net assets without donor restrictions							
Revenues, gains and other support							
Patient service revenue							
net of contractual allowances	\$ 160,538,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,538,734
Provision for bad debts	(2,167,902)	-	-	-	-	-	(2,167,902)
Net patient service revenue	<u>158,370,832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,370,832</u>
Managed care contracts	494,319,403	23,029,043	-	-	-	-	517,348,446
Government grants and contracts	26,917,834	-	-	-	-	-	26,917,834
Pharmacy revenue	51,982,819	-	-	-	-	-	51,982,819
Contributions and other support	685,065	-	-	-	-	-	685,065
Other income	4,217,158	477,044	1,842,323	-	-	(3,775,442)	2,761,083
Total revenue, gains and other support before net assets released from restriction	<u>736,493,111</u>	<u>23,506,087</u>	<u>1,842,323</u>	<u>-</u>	<u>-</u>	<u>(3,775,442)</u>	<u>758,066,079</u>
Net assets released from restrictions							
Restrictions satisfied	<u>1,735,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,735,763</u>
Total revenues, gains, and other support	<u>738,228,874</u>	<u>23,506,087</u>	<u>1,842,323</u>	<u>-</u>	<u>-</u>	<u>(3,775,442)</u>	<u>759,801,842</u>
Expenses							
Program expenses							
Medical services	434,476,329	-	-	-	-	-	434,476,329
Dental services	32,287,359	-	-	-	-	-	32,287,359
Senior services	186,882,093	-	-	-	-	-	186,882,093
HIV/AIDS programs	33,502,999	-	-	-	-	-	33,502,999
Teen programs - workforce development	3,209,245	-	-	-	-	-	3,209,245
Research and development	2,049,229	-	-	-	-	-	2,049,229
Total program expenses	<u>692,407,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>692,407,254</u>
Supporting services							
Fundraising expenses	4,481,549	-	-	-	-	-	4,481,549
Operating expenses	-	17,348,143	-	-	-	(257,278)	17,090,865
General administration	2,492,618	4,072,870	4,973,014	24,470	190,823	(3,895,442)	7,858,353
Total supporting services	<u>6,974,167</u>	<u>21,421,013</u>	<u>4,973,014</u>	<u>24,470</u>	<u>190,823</u>	<u>(4,152,720)</u>	<u>29,430,767</u>
Total expenses	<u>699,381,421</u>	<u>21,421,013</u>	<u>4,973,014</u>	<u>24,470</u>	<u>190,823</u>	<u>(4,152,720)</u>	<u>721,838,021</u>
Excess of revenues, gains, and other support over operating expenses	<u>38,847,453</u>	<u>2,085,074</u>	<u>(3,130,691)</u>	<u>(24,470)</u>	<u>(190,823)</u>	<u>377,278</u>	<u>37,963,821</u>
Other gains and losses - net							
Change in fair value of marketable securities and investments	10,546,191	-	-	-	-	-	10,546,191
Change in fair value of interest rate swap	34,768	-	-	-	-	-	34,768
Interest and dividends	10,210,742	-	-	-	1,480	(377,278)	9,834,944
Loss from disposal of property and equipment	(10,142)	-	-	-	-	-	(10,142)
Other gains and losses - net	<u>20,781,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,480</u>	<u>(377,278)</u>	<u>20,405,761</u>
Change in unrestricted net assets before provision for income tax	<u>59,629,012</u>	<u>2,085,074</u>	<u>(3,130,691)</u>	<u>(24,470)</u>	<u>(189,343)</u>	<u>-</u>	<u>58,369,582</u>
Provision for income tax							
Current	187,979	349,563	6,800	800	800	-	545,942
Deferred	-	262,323	-	-	(127,175)	-	135,148
Total provision for income tax	<u>187,979</u>	<u>611,886</u>	<u>6,800</u>	<u>800</u>	<u>(126,375)</u>	<u>-</u>	<u>681,090</u>
Change in net assets without donor restrictions after provision for income tax	<u>59,441,033</u>	<u>1,473,188</u>	<u>(3,137,491)</u>	<u>(25,270)</u>	<u>(62,968)</u>	<u>-</u>	<u>57,688,492</u>
Changes in net assets with donor restrictions							
Contributions and other support	2,829,622	-	-	-	-	-	2,829,622
Net assets released from restrictions	(1,735,763)	-	-	-	-	-	(1,735,763)
Change in net assets with donor restrictions	<u>1,093,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,093,859</u>
Change in net assets	<u>60,534,892</u>	<u>1,473,188</u>	<u>(3,137,491)</u>	<u>(25,270)</u>	<u>(62,968)</u>	<u>-</u>	<u>58,782,351</u>
Net assets							
Beginning of year	464,630,356	4,711,761	481,626	(39,064)	(607,948)	(1,000)	469,175,731
End of year	<u>\$ 525,165,248</u>	<u>\$ 6,184,949</u>	<u>\$ (2,655,865)</u>	<u>\$ (64,334)</u>	<u>\$ (670,916)</u>	<u>\$ (1,000)</u>	<u>\$ 527,958,082</u>

See report of independent auditors.

AltaMed Health Services Corporation
Consolidating Statement of Activities
Year ended April 30, 2018

	ALTAMED	OMG	AMS	AIPN	AHN	Elimination	Consolidated
Changes in unrestricted net assets							
Unrestricted revenues, gains and other support							
Patient service revenue							
(net of contractual allowances)	\$ 133,619,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,619,628
Provision for bad debts	(1,564,177)	-	-	-	-	-	(1,564,177)
Net patient service revenue	132,055,451	-	-	-	-	-	132,055,451
Managed care contracts	449,606,484	21,095,848	-	-	-	-	470,702,332
Government grants and contracts	31,541,891	-	-	-	-	-	31,541,891
Pharmacy revenue	40,369,502	-	-	-	-	-	40,369,502
Contributions and other support	672,528	-	-	-	-	-	672,528
Other income	4,894,080	138,257	1,635,546	-	-	(3,287,216)	3,380,667
Total unrestricted revenue, gains and other support before net assets released from restriction	659,139,936	21,234,105	1,635,546	-	-	(3,287,216)	678,722,371
Net assets released from restrictions							
Restrictions satisfied	664,560	-	-	-	-	-	664,560
Total unrestricted revenues, gains, and other support	659,804,496	21,234,105	1,635,546	-	-	(3,287,216)	679,386,931
Expenses							
Program expenses							
Medical services	367,124,671	-	-	-	-	-	367,124,671
Dental services	25,952,284	-	-	-	-	-	25,952,284
Senior services	159,555,500	-	-	-	-	-	159,555,500
HIV/AIDS programs	33,539,580	-	-	-	-	-	33,539,580
Teen programs - workforce development	3,805,252	-	-	-	-	-	3,805,252
Research and development	1,601,467	-	-	-	-	-	1,601,467
Total program expenses	591,578,754	-	-	-	-	-	591,578,754
Supporting services							
Fundraising expenses	3,157,206	-	-	-	-	-	3,157,206
Operating expenses	-	16,317,346	-	-	-	(289,253)	16,028,093
General administration	1,745,999	3,412,396	1,656,142	16,981	603,904	(3,355,928)	4,079,494
Total supporting services	4,903,205	19,729,742	1,656,142	16,981	603,904	(3,645,181)	23,264,793
Total expenses	596,481,959	19,729,742	1,656,142	16,981	603,904	(3,645,181)	614,843,547
Excess of revenues, gains, and other support over operating expenses	63,322,537	1,504,363	(20,596)	(16,981)	(603,904)	357,965	64,543,384
Other gains and losses - net							
Change in fair value of marketable securities and investments	11,560,387	-	-	-	-	-	11,560,387
Change in fair value of interest rate swap	301,011	-	-	-	-	-	301,011
Interest and dividends	6,179,986	-	-	-	-	(357,965)	5,822,021
Loss from disposal of property and equipment	(60,024)	-	-	-	-	-	(60,024)
Other gains and losses - net	17,981,360	-	-	-	-	(357,965)	17,623,395
Change in unrestricted net assets before provision for income tax	81,303,897	1,504,363	(20,596)	(16,981)	(603,904)	-	82,166,779
Provision for income tax							
Current	-	182,188	10,622	800	4,044	-	197,654
Deferred	-	132,543	-	-	-	-	132,543
Total provision for income tax	-	314,731	10,622	800	4,044	-	330,197
Change in unrestricted net assets after provision for income tax	81,303,897	1,189,632	(31,218)	(17,781)	(607,948)	-	81,836,582
Changes in temporarily restricted net assets							
Contributions and other support	1,120,886	-	-	-	-	-	1,120,886
Net assets released from restrictions	(664,560)	-	-	-	-	-	(664,560)
Change in temporarily restricted net assets	456,326	-	-	-	-	-	456,326
Change in net assets	81,760,223	1,189,632	(31,218)	(17,781)	(607,948)	-	82,292,908
Net assets							
Beginning of year	382,870,133	3,522,129	512,844	(21,283)	-	(1,000)	386,882,823
End of year	\$ 464,630,356	\$ 4,711,761	\$ 481,626	\$ (39,064)	\$ (607,948)	\$ (1,000)	\$ 469,175,731

See report of independent auditors.

AltaMed Health Services Corporation
Consolidating Statement of Functional Expenses
Year ended April 30, 2019

	ALTAMED HEALTH SERVICES CORPORATION										
	Program Services						Supporting Services				
	Medical Services	Dental Services	Senior Services	HIV / AIDS Programs	Teen Programs	Research and Development	Total Program Services	Fund- raising	General Administration	Total Supporting Services	Total Altamed Expenses
Salaries and benefits											
Salaries	\$ 71,258,260	\$ 11,808,696	\$ 41,427,849	\$ 4,232,194	\$ 1,495,261	\$ 911,441	\$ 131,133,701	\$ 1,605,548	\$ 79,973,829	\$ 81,579,377	\$ 212,713,078
Payroll taxes & fringe benefits	17,860,647	3,008,071	10,130,453	1,047,827	342,940	272,180	32,662,118	406,335	20,271,695	20,678,030	53,340,148
Contract labor	5,571,134	1,069,437	3,747,402	15,167	26,444	15,746	10,445,330	-	3,139,735	3,139,735	13,585,065
Total salaries and benefits	94,690,041	15,886,204	55,305,704	5,295,188	1,864,645	1,199,367	174,241,149	2,011,883	103,385,259	105,397,142	279,638,291
Speciality services	140,471,906	-	44,118,843	156	-	-	184,590,905	-	-	-	184,590,905
Medical services	38,903,824	479,445	23,655,173	624,745	94	543	63,663,824	63	687,327	687,390	64,351,214
Pharmacy / medical supplies	25,958,492	1,123,570	9,814,929	23,367,750	46,452	11,512	60,322,705	3,304	316,154	319,458	60,642,163
Administrative services	7,501,010	530,225	2,824,523	324,008	292,373	47,691	11,519,830	931,684	18,339,865	19,271,549	30,791,379
Depreciation and amortization	5,154,631	1,546,710	2,652,627	129,347	80,607	43,250	9,607,172	-	4,870,662	4,870,662	14,477,834
Rent	3,077,645	239,721	1,630,145	112,242	101,874	63,343	5,224,970	-	2,688,947	2,688,947	7,913,917
Equipment rental, repairs and maintenance	1,177,168	264,417	1,049,943	44,193	17,394	8,741	2,561,856	320,956	5,174,530	5,495,486	8,057,342
Patient transportation	63,270	3,534	5,272,302	63	-	-	5,339,169	-	235	235	5,339,404
Utilities & facilities	1,401,324	249,235	912,499	71,223	32,354	3,379	2,670,014	6,754	934,814	941,568	3,611,582
Telephone	1,120,015	174,660	662,206	61,319	19,920	18,225	2,056,345	16,491	2,800,134	2,816,625	4,872,970
Health promotion/education	244,240	43,545	1,081,987	74,176	54,588	80,960	1,579,496	618,217	6,743,903	7,362,120	8,941,616
Insurance	2,706,734	91,831	998,164	28,938	8,470	5,942	3,840,079	11,864	568,535	580,399	4,420,478
Office/facility and other supplies	1,125,368	225,836	1,172,271	94,425	9,743	25,998	2,653,641	142,480	759,168	901,648	3,555,289
Minor equipment	860,551	213,853	301,966	35,893	13,377	44,304	1,469,944	19,976	1,606,585	1,626,561	3,096,505
Staff development	443,388	73,453	90,698	20,301	7,097	29,096	664,033	43,610	2,906,319	2,949,929	3,613,962
Purchased services	-	-	543,372	-	-	-	543,372	-	-	-	543,372
Postage/printing	490,711	29,359	37,947	15,370	2,924	45,243	621,554	144,157	1,084,517	1,228,674	1,850,228
Interest	1,274,137	78,493	1,006,400	9,634	-	-	2,368,664	-	1,013,025	1,013,025	3,381,689
Therapeutic services	21,776	-	178,239	-	-	-	200,015	-	3,000	3,000	203,015
Indirect/offset	50,855,733	6,037,977	26,178,654	2,282,635	610,776	384,871	86,350,646	-	(86,350,646)	(86,350,646)	-
Other expenses/interdepartment transfer	56,934,365	4,995,291	7,393,501	911,393	46,557	36,764	70,317,871	210,110	(65,039,715)	(64,829,605)	5,488,266
	<u>\$ 434,476,329</u>	<u>\$ 32,287,359</u>	<u>\$ 186,882,093</u>	<u>\$ 33,502,999</u>	<u>\$ 3,209,245</u>	<u>\$ 2,049,229</u>	<u>\$ 692,407,254</u>	<u>\$ 4,481,549</u>	<u>\$ 2,492,618</u>	<u>\$ 6,974,167</u>	<u>\$ 699,381,421</u>

See report of independent auditors.

AltaMed Health Services Corporation
Consolidating Statement of Functional Expenses (Continued)
Year ended April 30, 2019

	<u>OMG</u>			<u>AMS</u>	<u>AIPN</u>	<u>AHN</u>	Eliminating Entries	Total Consolidated Expenses
	Operating Expenses	General Administration	Total OMG Expenses	General Administration	General Administration	General Administration		
Salaries and benefits								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,713,078
Payroll taxes & fringe benefits	-	-	-	-	-	-	-	53,340,148
Contract labor	-	-	-	-	-	-	-	13,585,065
Total salaries and benefits	-	-	-	-	-	-	-	279,638,291
Speciality services	10,001,376	-	10,001,376	-	-	-	-	194,592,281
Medical services	6,625,661	-	6,625,661	-	-	-	-	70,976,875
Pharmacy / medical supplies	-	-	-	-	-	-	-	60,642,163
Administrative services	-	3,670,868	3,670,868	4,971,405	6,458	55,170	(3,775,442)	35,719,838
Depreciation and amortization	-	-	-	-	-	9,481	-	14,487,315
Rent	75,397	-	75,397	-	-	-	-	7,989,314
Equipment rental, repairs and maintenance	-	-	-	-	-	-	-	8,057,342
Patient transportation	-	-	-	-	-	-	-	5,339,404
Utilities & facilities	-	-	-	-	-	-	-	3,611,582
Telephone	34,755	-	34,755	-	-	-	-	4,907,725
Health promotion/education	68,566	-	68,566	-	-	-	-	9,010,182
Insurance	66,593	-	66,593	-	17,673	5,091	-	4,509,835
Office/facility and other supplies	35,886	-	35,886	-	-	-	-	3,591,175
Minor equipment	-	-	-	-	-	-	-	3,096,505
Staff development	-	-	-	-	-	-	-	3,613,962
Purchased services	182,631	-	182,631	-	-	-	-	726,003
Postage/printing	-	-	-	-	-	-	-	1,850,228
Interest	257,278	-	257,278	-	-	120,000	(377,278)	3,381,689
Therapeutic services	-	-	-	-	-	-	-	203,015
Indirect/offset	-	-	-	-	-	-	-	-
Other expenses/interdepartment transfer	-	402,002	402,002	1,609	339	1,081	-	5,893,297
	<u>\$ 17,348,143</u>	<u>\$ 4,072,870</u>	<u>\$ 21,421,013</u>	<u>\$ 4,973,014</u>	<u>\$ 24,470</u>	<u>\$ 190,823</u>	<u>\$ (4,152,720)</u>	<u>\$ 721,838,021</u>

See report of independent auditors.

AltaMed Health Services Corporation
Consolidating Statement of Functional Expenses
Year ended April 30, 2018

	ALTAMED HEALTH SERVICES CORPORATION										
	Program Services						Supporting Services				
	Medical Services	Dental Services	Senior Services	HIV / AIDS Programs	Teen Programs	Research and Development	Total Program Services	Fund- raising	General Administration	Total Supporting Services	Total Altamed Expenses
Salaries and benefits											
Salaries	\$ 63,876,032	\$ 9,832,022	\$ 35,873,272	\$ 3,500,575	\$ 1,922,878	\$ 660,375	\$ 115,665,154	\$ 1,098,552	\$ 65,836,591	\$ 66,935,143	\$ 182,600,297
Payroll taxes & fringe benefits	16,470,698	2,684,185	8,766,953	912,608	479,739	180,486	29,494,669	286,717	17,911,146	18,197,863	47,692,532
Contract labor	2,497,824	721,068	3,329,634	106,777	-	13,115	6,668,418	-	3,202,230	3,202,230	9,870,648
Total salaries and benefits	82,844,554	13,237,275	47,969,859	4,519,960	2,402,617	853,976	151,828,241	1,385,269	86,949,967	88,335,236	240,163,477
Speciality services	114,889,228	-	39,322,370	3,677	-	-	154,215,275	-	-	-	154,215,275
Medical services	33,074,831	331,411	19,156,713	379,404	-	30,394	52,972,753	-	572,176	572,176	53,544,929
Pharmacy/medical supplies	17,723,908	1,047,218	7,720,507	21,567,788	63,645	18,030	48,141,096	516	152,153	152,669	48,293,765
Administrative services	6,134,861	359,868	2,946,542	2,740,247	181,003	227,407	12,589,928	593,987	15,939,754	16,533,741	29,123,669
Depreciation and amortization	3,941,688	972,421	2,682,306	102,411	72,221	26,423	7,797,470	-	4,266,864	4,266,864	12,064,334
Rent	4,039,029	441,131	1,102,699	100,510	142,785	45,513	5,871,667	-	1,873,426	1,873,426	7,745,093
Equipment rental, repairs and maintenance	965,239	188,715	979,184	43,018	18,638	4,550	2,199,344	437,919	4,544,576	4,982,495	7,181,839
Patient transportation	29,190	388	4,553,223	37	-	129	4,582,967	-	-	-	4,582,967
Utilities & facilities	1,326,840	238,261	923,660	78,588	34,168	3,746	2,605,263	1,458	657,010	658,468	3,263,731
Telephone	992,230	165,458	708,862	62,140	29,378	12,595	1,970,663	12,643	2,472,159	2,484,802	4,455,465
Health promotion/education	358,573	21,922	441,049	700,650	48,225	32,667	1,603,086	283,472	6,163,095	6,446,567	8,049,653
Insurance	2,437,569	86,200	885,788	26,364	13,151	4,723	3,453,795	11,694	458,571	470,265	3,924,060
Office/facility and other supplies	1,133,843	194,448	1,172,550	58,134	21,179	8,970	2,589,124	7,500	658,169	665,669	3,254,793
Minor equipment	755,988	166,140	197,558	7,956	29,328	17,643	1,174,613	15,756	1,635,666	1,651,422	2,826,035
Staff development	271,582	37,204	81,255	19,494	4,448	4,284	418,267	40,235	3,730,933	3,771,168	4,189,435
Purchased services	-	356	488,390	-	-	-	488,746	-	30,061	30,061	518,807
Postage/printing	448,997	30,117	42,315	21,360	4,948	7,058	554,795	282,231	1,193,699	1,475,930	2,030,725
Interest	1,125,389	86,468	980,517	12,115	-	-	2,204,489	-	955,775	955,775	3,160,264
Therapeutic services	62,881	-	172,233	-	-	-	235,114	-	-	-	235,114
Amortization of intangible assets	150,000	-	-	-	-	-	150,000	-	-	-	150,000
Indirect/offset	44,528,906	4,451,400	20,300,198	2,502,247	679,207	285,423	72,747,381	-	(72,747,381)	(72,747,381)	-
Other expenses/interdepartment transfer	49,889,345	3,895,883	6,727,722	593,480	60,311	17,936	61,184,677	84,526	(57,760,673)	(57,676,147)	3,508,530
	<u>\$ 367,124,671</u>	<u>\$ 25,952,284</u>	<u>\$ 159,555,500</u>	<u>\$ 33,539,580</u>	<u>\$ 3,805,252</u>	<u>\$ 1,601,467</u>	<u>\$ 591,578,754</u>	<u>\$ 3,157,206</u>	<u>\$ 1,746,000</u>	<u>\$ 4,903,206</u>	<u>\$ 596,481,960</u>

See report of independent auditors.

AltaMed Health Services Corporation
Consolidating Statement of Functional Expenses (Continued)
Year ended April 30, 2018

	<u>OMG</u>			<u>AMS</u>	<u>AIPN</u>	<u>AHN</u>		Total
	<u>Operating Expenses</u>	<u>General Administration</u>	<u>Total OMG Expenses</u>	<u>General Administration</u>	<u>General Administration</u>	<u>General Administration</u>	<u>Eliminating Entries</u>	<u>Consolidated Expenses</u>
Salaries and benefits								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,600,297
Payroll taxes & fringe benefits	-	-	-	-	-	-	-	47,692,532
Contract labor	-	-	-	-	-	-	-	9,870,648
Total salaries and benefits	-	-	-	-	-	-	-	240,163,477
Speciality services	8,953,685	-	8,953,685	-	-	-	-	163,168,960
Medical services	6,606,164	-	6,606,164	-	-	-	-	60,151,093
Pharmacy/medical supplies	-	-	-	-	-	-	-	48,293,765
Administrative services	-	3,364,055	3,364,055	1,656,142	2,817	528,872	(3,287,217)	31,388,338
Depreciation and amortization	-	-	-	-	-	6,320	-	12,070,654
Rent	80,609	-	80,609	-	-	-	-	7,825,702
Equipment rental, repairs and maintenance	-	-	-	-	-	-	-	7,181,839
Patient transportation	-	-	-	-	-	-	-	4,582,967
Utilities & facilities	-	-	-	-	-	-	-	3,263,731
Telephone	40,635	-	40,635	-	-	-	-	4,496,100
Health promotion/education	69,696	-	69,696	-	-	-	-	8,119,349
Insurance	64,993	-	64,993	-	14,164	-	-	4,003,217
Office/facility and other supplies	38,487	-	38,487	-	-	-	-	3,293,280
Minor equipment	-	-	-	-	-	-	-	2,826,035
Staff development	-	-	-	-	-	-	-	4,189,435
Purchased services	173,824	-	173,824	-	-	-	-	692,631
Postage/printing	-	-	-	-	-	-	-	2,030,725
Interest	289,252	-	289,252	-	-	68,712	(357,964)	3,160,264
Therapeutic services	-	-	-	-	-	-	-	235,114
Amortization of intangible assets	-	-	-	-	-	-	-	150,000
Indirect/offset	-	-	-	-	-	-	-	-
Other expenses/interdepartment transfer	-	48,341	48,341	-	-	-	-	3,556,871
	<u>\$ 16,317,345</u>	<u>\$ 3,412,396</u>	<u>\$ 19,729,741</u>	<u>\$ 1,656,142</u>	<u>\$ 16,981</u>	<u>\$ 603,904</u>	<u>\$ (3,645,181)</u>	<u>\$ 614,843,547</u>

See report of independent auditors.

**Report of Independent Auditors on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Consolidated
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 consolidated financial statements of AltaMed Health Services Corporation (AltaMed), which comprise the consolidated statement of financial position as of April 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered AltaMed'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of AltaMed's internal control. Accordingly, we do not express an opinion on the effectiveness of AltaMed'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 consolidated 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's consolidated 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*.

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.

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**Glendale, California
August 26, 2019**

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AltaMed QUALITY CARE WITHOUT EXCEPTION™

**AltaMed Health Services Corporation
Single Audit Report
Year Ended April 30, 2019
with Report of Independent Auditors**

AltaMed Health Services Corporation
Single Audit Report
Year Ended April 30, 2019
with Report of Independent Auditors

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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 consolidated financial statements of AltaMed Health Services Corporation and Subsidiaries (AltaMed), which comprise the consolidated statement of financial position as of April 30, 2019, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered AltaMed'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of AltaMed's internal control. Accordingly, we do not express an opinion on the effectiveness of AltaMed'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's consolidated 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*.

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.

Glendale, California
August 26, 2019

**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 the Uniform Guidance**

**Board of Directors
AltaMed Health Services Corporation**

Report on Compliance for Each Major Federal Program

We have audited AltaMed Health Services Corporation's (AltaMed) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of AltaMed's major federal programs for the year ended April 30, 2019. AltaMed's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of AltaMed'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 the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AltaMed'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's compliance.



Opinion on Each Major Federal Program

In our opinion, AltaMed 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, 2019.

Report on Internal Control over Compliance

Management of AltaMed 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'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AltaMed'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of AltaMed Health Services Corporation and Subsidiaries as of and for the year ended April 30, 2019 and have issued our report thereon dated August 26, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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

**Glendale, California
August 26, 2019**

AltaMed Health Services Corporation
Schedule of Expenditures of Federal Awards
Year ended April 30, 2019

Federal Grantor/Pass Through Grantor/ Program Title	Pass Through Entity/ Grantor's Number	Grant Period	CFDA Numbe	Grant Award Amount	Passed through to Subrecipients	Federal Expenditures
MAJOR PROGRAMS						
U.S. Department of Health and Human Services						
Direct Programs:						
Health Center Program Cluster	H80CS00142	01/01/18-12/31/18	93.224	\$ 10,511,757	\$ -	7,007,837
Health Center Cluster Program	H80CS00142	01/01/19-12/31/19	93.224	10,483,357	-	3,494,452
Health Center Cluster Program	H80CS00142	09/01/17-08/31/18	93.224	1,128,020	-	449,281
Quality Improvement	H80CS00142	09/01/18-08/31/19	93.224	561,964	-	258,701
Quality Improvement	H80CS00142	01/01/18-12/31/18	93.224	531,410	-	401,960
Outreach and Enrollment	H80CS00142	01/01/19-12/31/19	93.224	531,410	-	197,992
Outreach and Enrollment	H80CS00142	01/01/18-12/31/18	93.224	38,000	-	25,332
HIV care and treatment services for People Living with HIV/AIDS PLWA	H80CS00142	01/01/19-12/31/19	93.224	38,000	-	12,668
HIV care and treatment services for People Living with HIV/AIDS PLWA	H80CS00142	01/01/18-12/31/18	93.224	249,071	-	92,500
Behavioral Health Integration (BHI)	H80CS00142	01/01/19-12/31/19	93.224	249,071	-	103,038
Behavioral Health Integration (BHI)	H80CS00142	01/01/18-12/31/18	93.224	175,700	-	73,000
Access Increases in Mental Health and Substance Abuse Services (AIMS)	H80CS00142	01/12/19-09/11/19	93.224	85,200	-	139,655
Access Increases in Mental Health and Substance Abuse Services (AIMS)	H80CS00142	09/01/18-08/31/19	93.224	456,000	-	44,037
Advancing Precision Medicine (APM)	H80CS00142	09/01/18-08/31/19	93.224	285,000	-	152,297
Substance Use Disorder & MH Services (SUD-MH)						
			Total for CFDA 93.224			12,452,750
Passed through California Family Health Council, Inc. (Essential Access Health)						
Family Planning Services						
Title X Family Planning Program	1336-5320-71209-17-18	04/01/18-08/31/18	93.217	154,170	-	115,012
Title X Family Planning Program	1336-5320-71209-17-18	09/01/18-03/31/19	93.217	230,000	-	222,899
Title X Family Planning Program	1336-5320-71209-19-20	04/01/19-03/31/20	93.217	380,000	-	37,494
			Total for CFDA 93.217			375,405
			Total Major Programs			12,828,155
NON-MAJOR PROGRAMS						
U.S. Department of Health and Human Services						
Direct Programs:						
ACL Centers for Independent Living, Recovery Act						
Primary Care Training and Enhancement: Training Primary Care Champions	T13HP31896	09/01/18-08/31/19	93.844	387,867	-	119,128
			Total for CFDA 93.844			119,128
HIV Prevention Activities Non-Governmental Organization Based						
HIV Prevention Projects for Young Latino Men Who Have Sex with Men	5 NU65PS923636-02-00	04/01/18-03/31/19	93.939	354,597	-	333,703
HIV Prevention Projects for Young Latino Men Who Have Sex with Men	5 NU65PS923636-03-00	04/01/19-03/31/20	93.939	354,597	-	22,230
Community-Based HIV Prevention Projects (CDC) Youth	5 NU65PS004751-03-00	07/01/17-06/30/18	93.939	347,599	-	37,722
Community-Based HIV Prevention Projects (CDC) Youth	5 NU65PS004751-04-01	07/01/18-06/30/19	93.939	347,599	-	200,737
			Total for CFDA 93.939			594,392
Racial and Ethnic Approaches to Community Health (REACH)						
Healthy Communities, Healthy Lives	6 NU58DP005740-03-04	09/30/17-9/29/18	93.738	698,566	-	274,134
			Total for CFDA 93.738			274,134

See accompanying Notes to Schedule of Expenditures of Federal Awards.

AltaMed Health Services Corporation
Schedule of Expenditures of Federal Awards (Continued)
Year ended April 30, 2019

Federal Grantor/Pass Through Grantor/ Program Title	Pass Through Entity/ Grantor's Number	Grant Period	CFDA Number	Grant Award Amount	Passed through to Subrecipients	Federal Expenditures
NON-MAJOR PROGRAMS (CONTINUED)						
Special Projects of Regional and National Significance						
Healthy Tomorrows Partnership for Children Program	H17MC30727	03/01/18-02/28/19	93.110	100,000	-	60,256
Healthy Tomorrows Partnership for Children Program	H17MC30727	03/01/19-02/29/20	93.110	50,000	-	13,031
Healthy Tomorrows Partnership for Children Program	H17MC31601	03/01/18-02/28/19	93.110	50,000	-	36,131
Healthy Tomorrows Partnership for Children Program	H17MC31601	03/01/19-02/29/20	93.110	50,000	-	7,136
			Total for CFDA 93.110	93.110	-	116,554
Ryan White HIV/AIDS Program (RWHAP) Part C Early Intervention Services (EIS)						
BPHC-HIV-Ryan White Program Part C	H76HA00169	01/01/18-12/31/18	93.918	918,952	-	592,906
BPHC-HIV-Ryan White Program Part C	H76HA00169	01/01/19-12/31/19	93.918	918,952	-	311,285
			Total for CFDA 93.918	93.918	-	904,191
Nurse Education, Practice, Quality, Retention (NEPQR)						
Nurse Education, Practice, Quality, Retention (NEPQR-RNPC)	UD7HP28523	07/01/17-06/30/18	93.359	557,333	-	63,314
	UK1HP31721	07/01/18-06/30/19	93.359	691,651	-	285,273
			Total for CFDA 93.359	93.359	-	348,587
Ryan White HIV/AIDS Program (RWHAP) Part D Women, Infants, Children and Youth (WICY) Program						
RW Title IV Woman, Infants, Children, Youth and Affected Family Members	H12HA24775	08/01/17-07/31/18	93.153	139,246	-	33,071
AIDS Healthcare	H12HA24775	08/01/18-07/31/19	93.153	139,246	-	96,042
			Sub-total for CFDA 93.153	93.153	-	129,113
Passed through Charles Drew University of Medicine and Science						
Health Careers Opportunity Program (HCOP)	D18HP32116	09/01/18-08/31/19	93.822	637,255	-	86,155
			Total for CFDA 93.822	93.822	-	86,155
Passed through the County of Los Angeles Department of Public Health						
HIV Prevention Program						
HIV Mobile Unit/HIV Counseling and Testing	PH-000823	01/01/18-12/31/18	93.940	250,000	-	68,722
HIV Mobile Unit/HIV Counseling and Testing	PH-000823	01/01/19-12/31/19	93.940	250,000	-	71,744
Biomedical HIV Prevention Services for High Risk Populations for Service	PH003077	09/30/17-09/29/18	93.940	553,067	-	36,034
Biomedical HIV Prevention Services for High Risk Populations for Service	PH003077	09/30/18-09/29/19	93.940	277,159	-	37,139
DHSP Prevention Vul Populations	PH-003434	11/14/17-06/30/18	93.940	500,000	-	15,058
			Total for CFDA 93.940	93.940	-	228,697
Passed through the California Department of Aging						
Medical Assistance Program						
Multipurpose Senior Service Program	MS-1718-03	07/01/17-06/30/18	93.778	2,069,655	-	344,942
Multipurpose Senior Service Program	MS-1819-03	07/01/18-06/30/19	93.778	2,069,655	-	1,724,710
			Total for CFDA 93.778	93.778	-	2,069,652
Passed through the University of California, Los Angeles						
Ryan White HIV/AIDS Program (RWHAP) Part D Women, Infants, Children and Youth (WICY) Program						
RW Title IV Woman, Infants, Children, Youth and Affected Family Members	1650 G VA411	08/01/17-07/31/18	93.153	31,375	-	7,844
AIDS Healthcare	1650 G VA411	08/01/18-07/31/19	93.153	32,640	-	16,320
			Total for CFDA 93.153	93.153	-	24,164
Passed through The Regents of the University of California, Irvine						
Diabetes, Digestive, and Kidney Diseases Extramural Research						
Unidas por la Vida	2015-3166	09/01/17-08/31/18	93.847	282,193	-	82,912
Unidas por la Vida	2015-3166	09/01/18-08/31/19	93.847	206,521	-	90,694
			Total for CFDA 93.847	93.847	-	173,606

See accompanying Notes to Schedule of Expenditures of Federal Awards.

AltaMed Health Services Corporation
Schedule of Expenditures of Federal Awards (Continued)
Year ended April 30, 2019

Federal Grantor/Pass Through Grantor/ Program Title	Pass Through Entity/ Grantor's Number	Grant Period	CFDA Number	Grant Award Amount	Passed through to Subrecipients	Federal Expenditures
NON-MAJOR PROGRAMS (CONTINUED)						
Passed through the Regents of the University of California, Irvine Geriatrics Workforce Enhancement Program (GWEP) Cultivating a Culture of Caring for Older Adults	2015-3305	07/01/17-06/30/18	93.969	106,683	-	48,979
Geriatrics Workforce Enhancement Program (GWEP) Cultivating a Culture of Caring for Older Adults	2015-3305	07/01/18-06/30/19	93.969	107,775	-	108,608
			Total for CFDA 93.969		-	157,587
Passed through California Department of Public Health (MCAH) Affordable Care Act (ACA) Personal Responsibility Education Program	15-10301	07/01/17-06/30/18	93.092	400,000	-	118,172
California Personal Responsibility Education Program	15-10301	07/01/18-06/30/19	93.092	400,000	-	247,479
			Total for CFDA 93.092		-	365,651
Passed through Kaiser Foundation Research Institute Minority Health and Health Disparities Research						
Participatory Research to Advance Colon Cancer Prevention -Kaiser PROMP	5U01MD010665-02	07/01/17-06/30/18	93.307	94,457	-	71,619
Participatory Research to Advance Colon Cancer Prevention -Kaiser PROMP	5U01MD010665-02	07/01/18-06/30/19	93.307	84,459	-	65,963
			Total for CFDA 93.307		-	137,582
Passed through California Department of Public Health HIV Care Formula Grant						
Case Management & Home/Community Based Care Services	H205189	07/01/17-06/30/18	93.917	287,457	-	31,563
Case Management & Home/Community Based Care Services	H205189	07/01/18-06/30/19	93.917	316,202	-	260,214
			Total for CFDA 93.917		-	291,777
Passed through the Regents of the University of California, San Francisco Area Health Education Centers						
East Los Angeles Area Health Education Center Program (AHEC)	2U77HP23071-07-00	09/01/17-08/31/18	93.107	80,000	-	38,635
East Los Angeles Area Health Education Center Program (AHEC)	5U77HP23071-08-00	09/01/18-08/31/19	93.107	75,000	-	54,363
			Total for CFDA 93.107		-	92,998
Passed through the County of Los Angeles Community & Senior Services Special Programs for the Aging - Title III, Part B - Grants for Support Services and Senior Centers	SSP-1418-02	07/01/17-06/30/18	93.044	96,409	-	14,791
Special Programs for the Aging - Title III, Part B - Grants for Support Services and Senior Centers	SSP-1418-02	07/01/18-06/30/19	93.044	125,837	-	97,744
			Total for CFDA 93.044		-	112,535
Passed through the California Department of Public Health Maternal and Child Health Services Block Grant						
Adolescent Family Life Program	17-10023	07/01/17-06/30/18	93.994	575,755	-	99,018
Adolescent Family Life Program	17-10023	07/01/18-06/30/19	93.994	511,780	-	469,030
			Total for CFDA 93.994		-	568,048
Passed through the County of Los Angeles Department of Public Health Temporary Assistance for Needy Families						
Cal-Learn Case Management	CLC15-001	07/01/17-06/30/18	93.558	1,306,620	-	121,204
Cal-Learn Case Management	CLC15-001	07/01/18-08/31/18	93.558	217,770	-	110,272
Cal-Learn Case Management	CLC15-001	09/01/18-08/31/19	93.558	770,000	-	417,702
			Total for CFDA 93.558		-	649,178

See accompanying Notes to Schedule of Expenditures of Federal Awards.

AltaMed Health Services Corporation
Schedule of Expenditures of Federal Awards (Continued)
Year ended April 30, 2019

Federal Grantor/Pass Through Grantor/ Program Title	Pass Through Entity/ Grantor's Number	Grant Period	CFDA Number	Grant Award Amount	Passed through to Subrecipients	Federal Expenditures
NON-MAJOR PROGRAMS (CONTINUED)						
Passed through the County of Los Angeles Department of Public Health						
HIV Emergency Relief Project Grants						
Ambulatory/Outpatient Medical Services (All Schedules)	PH-002374	03/01/18-02/28/19	93.914	924,500	-	856,881
Ambulatory/Outpatient Medical Services (All Schedules)	PH-002374	03/01/19-02/29/20	93.914	924,500	-	123,521
HIV/AIDS Mental Health Services	PH-003360	03/01/18-02/28/19	93.914	230,109	-	71,427
HIV/AIDS Mental Health Services	PH-003360	03/01/19-02/29/20	93.914	230,109	-	7,337
HIV/AIDS Oral Health Care	PH-001113	03/01/18-02/28/19	93.914	485,000	-	334,968
HIV/AIDS Oral Health Care	PH-001113	03/01/19-02/29/20	93.914	485,000	-	76,810
HIV Benefits Specialty	PH-002899	04/01/18-03/31/19	93.914	140,340	-	155,099
HIV Benefits Specialty	PH-002899	04/01/19-03/31/20	93.914	140,340	-	13,813
HIV/AIDS Transitional Case Management, Youth Services	H701226	04/01/18-03/31/19	93.914	77,000	-	52,484
HIV/AIDS Transitional Case Management, Youth Services	H701226	04/01/19-03/31/20	93.914	77,000	-	2,204
Medical Care Coordination	PH-002384	03/01/18-02/28/19	93.914	397,469	-	283,497
Medical Care Coordination	PH-003740	03/01/19-02/29/20	93.914	800,000	-	63,905
			Total for CFDA 93.914			2,041,946
Corporation for National and Community Service						
Passed through the Office of Planning and Research/California Volunteers						
CV Americorp	17AFHY24-F181	11/13/17-11/12/18	94.006	313,558	-	143,420
CV Americorp	17AFHY24-F181	01/09/09-12/31/19	94.006	313,558	-	60,637
			Total for CFDA 94.006			204,057
U.S. Department of Agriculture						
Passed through the California Department of Education						
Child and Adult Care Food Program	19-5013-IN	10/01/17-9/30/18	10.558	open	-	470,642
Adult Day Care Food Program	19-5013-IN	10/01/18-9/30/19	10.558	open	-	636,118
Adult Day Care Food Program			Total for CFDA 10.558			1,106,760
Passed through the County of Los Angeles Department of Public Health						
Supplemental Nutrition Assistance Program	PH-003245	10/01/17-09/30/18	10.561	315,000	-	130,522
Champions for Change	PH-003245	10/01/18-09/30/19	10.561	290,000	-	182,838
Champions for Change			Total for CFDA 10.561			313,360
			Total Non-Major Programs			11,109,852
			Total Expenditures of Federal Awards	\$		\$ 23,938,007

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of AltaMed Health Services Corporation (AltaMed) under programs of the federal government for the year ended April 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Altamed, it is not intended to and does not present the financial position, changes in net assets, or cash flows of AltaMed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Subject to limitations, AltaMed is allowed to use a provisional indirect cost rate of 21% for all programs related to grants, contracts and agreements with the federal government, for the year ended April 30, 2019, and therefore does not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 SUBRECIPIENTS

AltaMed did not provide federal awards to subrecipients for the year ended April 30, 2019.

**AltaMed Health Services Corporation
Schedule of Findings and Questioned Costs
Year ended April 30, 2019**

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?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	No

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
93.217	Family Planning Services
92.224	Health Center Program Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings

No matters were reported.

No matters were reported.



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