



**Alameda Alliance for Health**  
**Monthly Financial Statement Package**  
**For the Month & Year to Date Ended August 31, 2007**

**Board of Governors/Finance Committee Package**

- 1. Financial Results Narrative**
- 2. Income Statement Reports**
  - 2a. Actual vs. Budget Income Statement – Current Month & Year to Date
  - 2b. Line of Business Income Statement (Allocated Basis) – Year to Date
  - 2c. Rate & Volume Variance Analysis – Current Month
  - 2d. Rate & Volume Variance Analysis – Year to Date
- 3. Administrative Expense Actual vs. Budget Report**
- 4. Balance Sheet**
- 5. Cash Flow Statements**
- 6. TNE Calculations**

**Alameda Alliance for Health**  
**CFO Finance Report**  
**For the Month & Year to Date Ended August 31, 2007**

**Summary of Operating Results**

For the month, the Alliance recorded net income of \$704 thousand compared to a budgeted net loss of \$291 thousand, resulting in a favorable variance from budget of \$995 thousand. For the year to date, the Alliance recorded net income of \$395 thousand compared to a budgeted net loss of \$476 thousand, resulting in a favorable variance from budget of \$871 thousand. The table below summarizes the components of the overall variance from budget:

**Summary Operating Results - Actual vs. Plan**  
**For the Current Month & Fiscal Year to Date**  
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$12,517,419	\$ 12,073,611	\$ 443,808	4%	Revenue	\$ 24,506,630	\$ 24,142,804	\$ 363,826	2%
10,568,276	10,982,456	414,180	4%	Medical Expense	21,683,680	21,922,081	238,401	1%
1,949,143	1,091,155	857,988	79%	Gross Margin	2,822,950	2,220,723	602,227	27%
1,300,066	1,494,994	194,928	13%	Administrative Expense	2,588,169	2,914,976	326,807	11%
649,077	(403,839)	1,052,916	261%	Net Operating Income	234,781	(694,253)	929,034	134%
54,697	112,398	(57,701)	-51%	Non-Operating Income	160,131	218,156	(58,025)	-27%
\$703,774	-\$291,441	\$995,215	341%	Current Period Net Income/(Loss)	\$394,912	(\$476,097)	\$871,009	183%

Profitability for the current month and year to date was affected by changes in estimated medical expense liability for prior months and other prior period adjustments. These changes in estimates were not related to the current month's operations and reduced reported medical expense for the current month. Excluding these items, the net loss for the month and year to date would have been \$133 thousand and \$701 thousand, respectively.

**Summary Operating Results - Actual vs. Plan**  
**For the Current Month & Fiscal Year to Date**  
Adjusted to Exclude Prior Period Activity  
Favorable/(Unfavorable)

Current Month					Year to Date			
Actual	Budget	Variance \$	Variance %		Actual	Budget	Variance \$	Variance %
\$12,256,823	\$ 12,073,611	\$ 183,212	2%	Revenue	\$ 24,506,630	\$ 24,142,804	\$ 363,826	2%
11,144,774	10,982,456	(162,318)	-1%	Medical Expense	22,779,804	21,922,081	(857,723)	-4%
1,112,049	1,091,155	20,894	2%	Gross Margin	1,726,826	2,220,723	(493,897)	-22%
1,300,066	1,494,994	194,928	13%	Administrative Expense	2,588,169	2,914,976	326,807	11%
(188,017)	(403,839)	215,822	53%	Net Operating Income	(861,343)	(694,253)	(167,090)	-24%
54,697	112,398	(57,701)	-51%	Non-Operating Income	160,131	218,156	(58,025)	-27%
(133,320)	(291,441)	158,121	54%	Current Period Net Income/(Loss)	(701,212)	(476,097)	(225,115)	-47%
837,094	-	837,094	N/A	Prior Period Activity	1,096,124	-	1,096,124	N/A
\$ 703,774	\$(291,441)	\$ 995,215	341%	Reported Net Income/(Loss)	\$ 394,912	\$(476,097)	\$ 871,009	183%

**Alameda Alliance for Health**  
**CFO Finance Report**  
For the Month & Year to Date Ended August 31, 2007

**Operating Results**

**Membership**

Overall, membership has grown by 2% on a year to date basis. Compared to the end of the previous fiscal year, Medi-Cal Mandatory has increased by 3%. Medi-Cal Non-Mandatory, Healthy Families and Group Care each increased by 2%. Current membership, YTD member months and changes in membership since the beginning of the fiscal year are summarized in the following tables:

**Current Membership and YTD Member Months**  
**For the Current Month and Fiscal Year to Date**  
Favorable/(Unfavorable)

Membership					Member Months			
Current Month					Year to Date			
Actual	Budget	Variance	Variance %		Actual	Budget	Variance	Variance %
75,522	74,342	1,180	2%	Medi-Cal	150,481	148,624	1,857	1%
7,773	7,435	338	5%	Healthy Families	15,483	14,870	613	4%
5,296	5,223	73	1%	Group Care	10,576	10,446	130	1%
1,046	1,032	14	1%	Healthy Kids	2,087	2,063	24	1%
89,637	88,032	1,605	2%	Total	178,627	176,003	2,624	1%

**YTD Change in Actual Membership by Program**  
**Current Month-End vs. Prior Fiscal Year End**  
Favorable/(Unfavorable)

	Membership			
	Current	June-07	Change	% Change
Medi-Cal Mandatory	66,040	64,290	1,750	3%
Medi-Cal Non-Mandatory	9,482	9,304	178	2%
Healthy Families	7,773	7,649	124	2%
Group Care	5,296	5,196	100	2%
Healthy Kids (new 10/05)	1,046	1,042	4	0%
Total	89,637	87,481	2,156	2%

**Revenue**

For the month, the Alliance recorded revenue of \$12.5 million compared to budgeted revenue of \$12.1 million, resulting in a favorable variance from budget of \$444 thousand. For the year to date, the Alliance recorded revenue of \$24.5 million compared to budgeted revenue of \$24.1 million, resulting in a favorable variance from budget of \$363 thousand. Because of the State budget impasse, the Alliance did not receive payment for the Medi-Cal and Healthy Families programs for July and August until mid-September. August revenue includes an adjustment to July revenue to match the payments received. Higher membership than budgeted also contributed to the favorable revenue variance.

**Alameda Alliance for Health**  
**CFO Finance Report**  
**For the Month & Year to Date Ended August 31, 2007**

**Medical Expense**

For the current month, total medical expense was \$10.6 million or \$414 thousand (3.8 %) under budget of \$11 million. Primary, Ancillary and Inpatient expenses were also under budget by \$109 thousand, \$173 thousand and \$182 thousand, respectively. This was partially offset by Specialty and Pharmacy expenses that were in excess by budget by \$68 thousand and \$107 thousand, respectively.

Included in both current month and year to date medical expenses are changes in prior period medical expense estimates (of \$837 thousand 576,496 and \$1.1 million, respectively). If these items are excluded from year to date results, medical expense would have been \$22.8 million or \$858 thousand over budget.

**Year to Date Medical Expense - Actual vs. Plan**  
**Adjusted to Reflect Prior Period Activity**

Favorable/(Unfavorable)

				Per Member Month			
	Actual	Budget	Variance	Actual	Budget	Variance	
Primary Care Physician	\$ 2,435,612	\$ 2,473,986	\$ 38,373	\$ 13.64	\$ 14.06	\$ 0.42	3%
Specialty Care Physician	3,335,855	3,201,690	(134,165)	18.67	18.19	(0.48)	-3%
Ancillary Services	4,660,215	4,899,167	238,952	26.09	27.84	1.75	6%
Pharmacy	3,437,410	2,923,418	(513,992)	19.24	16.61	(2.63)	-16%
Emergency Services	1,336,740	1,179,069	(157,670)	7.48	6.70	(0.78)	-12%
Inpatient Hospital & SNF	6,848,484	6,490,511	(357,973)	38.34	36.88	(1.46)	-4%
Other Benefits & Services	680,585	707,773	27,188	3.81	4.02	0.21	5%
Reinsurance Expense	44,903	46,466	1,563	0.25	0.26	0.01	5%
<b>Total</b>	<b>\$ 22,779,804</b>	<b>\$ 21,922,081</b>	<b>\$ (857,723)</b>	<b>\$ 127.53</b>	<b>\$ 124.56</b>	<b>\$ (2.97)</b>	<b>-2%</b>

**Administrative Expense**

For the current month, administrative expense was less than budget by \$195 thousand (13%). For the year to date, administrative expense was less than budget by \$327 thousand (11%). Most of the favorable variances pertained to consultants and printing – the timing of which differed from that budgeted.

**Balance Sheet**

Current assets totaled \$37.8 million compared to current liabilities of \$20.5 million yielding a current ratio (the ratio of current assets to current liabilities) of 1.85:1. The Alliance's cash and investments were eroded to fund provider payments in the midst of the State budget crisis that was not resolved until mid-September. The reduction in cash and investments was offset by an increase in accounts receivables.

**Tangible Net Equity**

Tangible net equity (TNE) was \$25.4 million compared to the minimum TNE required by the Department of Managed Care (DMHC) of \$7.0 million. Actual TNE is 3.6 times required TNE and therefore includes an excess above the minimum TNE required by statute of \$18.5 million.

**Alameda Alliance for Health**  
**CFO Finance Report**  
**For the Month & Year to Date Ended August 31, 2007**

Respectfully submitted,

John Volkober,  
Chief Financial Officer

**ALAMEDA ALLIANCE FOR HEALTH**  
**STATEMENT OF REVENUE & EXPENSES**  
**ACTUAL VS. BUDGET**  
**COMBINED BASIS (RESTRICTED & UNRESTRICTED FUNDS)**  
**FOR THE MONTH AND FISCAL YTD ENDED AUGUST 31, 2007**

	CURRENT MONTH			FISCAL YEAR TO DATE			
	Actual	Budget	% Variance (Unfavorable)	Actual	Budget	% Variance (Unfavorable)	
75,522	74,342	1,180	1.6%	150,481	148,624	1,857	1.2%
7,773	7,435	338	4.5%	15,483	14,870	613	4.1%
5,296	5,223	73	1.4%	10,576	10,446	130	1.2%
1,046	1,032	14	1.4%	2,087	2,063	24	1.2%
<b>89,637</b>	<b>88,032</b>	<b>1,605</b>	<b>1.8%</b>	<b>178,627</b>	<b>176,003</b>	<b>2,624</b>	<b>1.5%</b>
10%	12%	2%	16%	11%	12%	2%	13%
\$12,453,732	\$12,012,847	\$440,886	3.7%	\$24,369,386	\$24,006,437	\$362,950	1.5%
63,591	60,764	2,827	4.7%	137,132	136,367	765	0.6%
96	0	96	0.00%	111	0	111	0.0%
<b>12,517,419</b>	<b>12,073,611</b>	<b>443,808</b>	<b>3.7%</b>	<b>24,506,630</b>	<b>24,142,804</b>	<b>363,826</b>	<b>1.5%</b>
1,128,350	1,237,276	108,926	8.8%	2,382,026	2,473,985	91,959	3.7%
1,672,050	1,603,738	(68,312)	(4.3%)	3,412,800	3,201,689	(211,111)	(6.6%)
2,281,433	2,454,192	172,759	7.0%	4,754,978	4,899,168	144,190	2.9%
1,575,173	1,467,694	(107,479)	(7.3%)	3,331,317	2,923,418	(407,899)	(14.0%)
509,657	590,373	80,716	13.7%	1,227,151	1,179,069	(48,082)	(4.1%)
3,073,310	3,255,585	182,275	5.6%	5,849,920	6,490,511	640,591	9.9%
305,736	350,319	44,583	12.7%	680,586	707,772	27,187	3.8%
22,567	23,280	712	3.1%	44,903	46,468	1,565	3.4%
<b>10,568,276</b>	<b>10,982,456</b>	<b>414,180</b>	<b>3.8%</b>	<b>21,683,680</b>	<b>21,922,081</b>	<b>238,401</b>	<b>1.1%</b>
<b>1,949,143</b>	<b>1,091,155</b>	<b>857,989</b>	<b>78.6%</b>	<b>2,822,950</b>	<b>2,220,723</b>	<b>602,227</b>	<b>27.1%</b>
721,367	726,092	4,725	0.7%	1,446,102	1,430,751	(15,351)	(1.1%)
578,700	768,901	190,201	24.7%	1,142,066	1,484,225	342,158	23.1%
<b>1,300,066</b>	<b>1,494,993</b>	<b>194,927</b>	<b>13.0%</b>	<b>2,588,169</b>	<b>2,914,976</b>	<b>326,807</b>	<b>11.2%</b>
<b>649,077</b>	<b>(403,839)</b>	<b>1,052,915</b>	<b>(260.7%)</b>	<b>234,781</b>	<b>(694,253)</b>	<b>929,034</b>	<b>(133.8%)</b>
52,696	112,398	(59,702)	(53.1%)	155,473	218,156	(62,683)	(28.7%)
2,001	0	2,001	0.00%	4,658	0	4,658	0.0%
<b>54,697</b>	<b>112,398</b>	<b>(57,701)</b>	<b>(51.3%)</b>	<b>160,131</b>	<b>218,156</b>	<b>(58,025)</b>	<b>(26.6%)</b>
<b>\$703,774</b>	<b>(\$291,441)</b>	<b>\$995,215</b>	<b>(341.5%)</b>	<b>\$394,912</b>	<b>(\$476,097)</b>	<b>\$871,009</b>	<b>(182.9%)</b>

**ALAMEDA ALLIANCE FOR HEALTH**  
**STATEMENT OF OPERATIONS**  
**BY LINE OF BUSINESS (INCLUDING ALLOCATED EXPENSES)**  
**Combined Basis (Unrestricted & Restricted Funds)**

FOR THE FISCAL YTD ENDED AUGUST 31, 2007

	Medi-Cal	Healthy Families	Group Care	Healthy Kids	Complete Care	Agnews	GRAND TOTAL
<b>P&amp;L (ALLOCATED BASIS) - GAAP FINANCIAL STATEMENT FORMAT</b>							
REVENUE	\$21,107,428	\$1,126,466	\$2,114,804	\$157,932	\$0.00	\$0.00	\$24,506,630
MEDICAL EXPENSES	19,056,301	949,554	1,536,049	141,776	0.00	0.00	21,683,680
GROSS MARGIN	2,051,127	176,912	578,755	16,156	0.00	0.00	2,822,950
ADMINISTRATIVE EXPENSES	2,180,355	224,337	163,238	30,239	0.00	0.00	2,588,169
OPERATING INCOME / (LOSS) <i>(% of MM Allocation)</i>	(129,228)	(47,425)	425,517	(14,083)	0.00	0.00	234,781
OTHER INCOME / (EXPENSE) <i>(% of MM Allocation)</i>	134,899	13,880	9,481	1,871	0.00	0.00	160,131
NET INCOME / (LOSS)	\$5,672	(\$33,545)	\$434,998	(\$12,212)	\$0.00	\$0.00	\$394,912
<b>PMPM ALLOCATED P&amp;L:</b>							
REVENUE	\$140.27	\$72.76	\$199.96	\$75.67	\$0.00	\$0.00	\$137.19
MEDICAL EXPENSES	126.64	61.33	145.24	67.93	\$0.00	\$0.00	121.39
GROSS MARGIN	13.63	11.43	54.72	7.74	\$0.00	\$0.00	15.80
ADMINISTRATIVE EXPENSES	14.49	14.49	14.49	14.49	\$0.00	\$0.00	14.49
OPERATING INCOME / (LOSS)	(0.86)	(3.06)	40.23	(6.75)	\$0.00	\$0.00	1.31
OTHER INCOME / (EXPENSE)	0.90	0.90	0.90	0.90	\$0.00	\$0.00	0.90
NET INCOME / (LOSS)	\$0.04	(\$2.17)	\$41.13	(\$5.85)	\$0.00	\$0.00	\$2.21
<b>ALLOCATION BASIS:</b>							
MEMBER MONTHS <i>% of Member Months</i>	150,481 84.24%	15,483 8.67%	10,576 5.92%	2,087 1.17%	0.00 0.00	0.00 0.00	178,627 100.00%
FFS MEDICAL EXPENSES <i>% of FFS Expense</i>	\$13,346,480 86.68%	\$484,953 3.22%	\$1,190,632 7.91%	\$28,864 0.19%	0.00 0.00	0.00 0.00	\$15,050,929 100.00%

Alameda Alliance for Health  
Variance Analysis (Actual vs. Budget)  
For the Month Ending August 31, 2007

	<u>FY08 Actual</u>	<u>FY08 Budget</u>	<u>\$ Variance Favorable (Un)</u>	<u>Volume Variance</u>	<u>Rate Variance</u>	<u>Total Variance</u>
<b>TOTAL MEMBER MONTHS</b>	<u>89,637</u>	<u>88,032</u>	<u>1,605</u>			
<b>Revenue</b>						
Premium Revenue	\$138.94	\$136.46	\$2.48	\$219,018	\$221,868	\$440,887
Grant Programs Funding	0.71	0.69	0.02	0	2,827	2,827
Other Revenue	0.00	0.00	0.00	0	95	95
	<u>139.65</u>	<u>137.15</u>	<u>2.50</u>	<u>219,018</u>	<u>224,790</u>	<u>443,808</u>
<b>Medical Costs</b>						
Primary Care Physician	12.59	14.05	1.47	(22,558)	131,484	108,926
Specialty Care Physician	18.65	18.22	(0.44)	(29,239)	(39,072)	(68,312)
Ancillary Services	25.45	27.88	2.43	(44,745)	217,504	172,759
Pharmacy	17.57	16.67	(0.90)	(26,759)	(80,720)	(107,479)
ER Services	5.69	6.71	1.02	(10,764)	91,480	80,716
Inpatient Hospital & SNF	34.29	36.98	2.70	(59,356)	241,631	182,275
Other Benefits and Services	3.41	3.98	0.57	(6,387)	50,970	44,583
Reinsurance Expense	0.25	0.26	0.01	(424)	1,138	714
	<u>117.90</u>	<u>124.76</u>	<u>6.85</u>	<u>(200,232)</u>	<u>614,414</u>	<u>414,180</u>
<b>Administrative Expense</b>						
Salaries and Benefits	8.05	8.25	0.20	0	4,725	4,725
Other Expense	6.46	8.73	2.28	0	190,203	190,203
	<u>14.50</u>	<u>16.98</u>	<u>2.48</u>	<u>0</u>	<u>194,928</u>	<u>194,928</u>
<b>Operating Income (Loss)</b>	<u>7.24</u>	<u>(4.59)</u>	<u>11.83</u>	<u>18,786</u>	<u>1,034,129</u>	<u>1,052,916</u>
<b>Non Operating Income</b>						
Interest Income	0.59	1.28	(0.69)	0	(59,702)	(59,702)
Unrealized Market Gains/Losses	0.02	0.00	0.02	0	2,001	2,001
Rental Income	0.00	0.00	0.00	0	0	0
	<u>0.61</u>	<u>1.28</u>	<u>(0.67)</u>	<u>0</u>	<u>(57,701)</u>	<u>(57,701)</u>
<b>Net Income (Loss)</b>	<u>\$7.85</u>	<u>(\$3.31)</u>	<u>\$11.16</u>	<u>\$18,786</u>	<u>\$976,428</u>	<u>\$995,215</u>

REPORT #2C



ALAMEDA ALLIANCE FOR HEALTH  
SUMMARY BALANCE SHEET  
CURRENT MONTH VS. PRIOR MONTH  
AUGUST 31, 2007

	August	July	Difference	% Difference
<b>CURRENT ASSETS:</b>				
Cash & Equivalents	\$4,840,620	\$3,846,966	\$993,655	25.83%
Short-Term Investments	5,055,249	13,955,027	(8,899,778)	-63.77%
Interest Receivable	38,373	33,626	4,747	14.12%
Other Receivables - Net	26,935,825	15,436,031	11,499,794	74.50%
Prepaid Expenses	915,154	1,042,380	(127,226)	-12.21%
<b>TOTAL CURRENT ASSETS</b>	<b>37,785,222</b>	<b>34,314,030</b>	<b>3,471,191</b>	<b>10.12%</b>
<b>OTHER ASSETS:</b>				
Restricted Assets	345,704	345,704	0	0.00%
Restricted Cash - Grants	573,450	626,701	(53,251)	-8.50%
<b>TOTAL OTHER ASSETS</b>	<b>919,154</b>	<b>972,405</b>	<b>(53,251)</b>	<b>-5.48%</b>
<b>PROPERTY AND EQUIPMENT:</b>				
Land, Building & Improvements	6,519,461	6,519,461	0	0.00%
Furniture And Equipment	4,766,861	4,798,285	(31,424)	-0.65%
Construction in Process	376,565	176,800	199,765	112.99%
Fixed Assets at Cost	11,662,888	11,494,546	168,342	1.46%
Less: Accumulated Depreciation	(4,481,149)	(4,446,657)	(34,492)	0.78%
<b>NET PROPERTY AND EQUIPMENT</b>	<b>7,181,739</b>	<b>7,047,889</b>	<b>133,849</b>	<b>1.90%</b>
<b>TOTAL ASSETS</b>	<b>\$45,886,115</b>	<b>\$42,334,325</b>	<b>\$3,551,790</b>	<b>8.39%</b>
<b>CURRENT LIABILITIES:</b>				
Accounts Payable	\$2,905,706	\$2,706,375	\$199,332	7.37%
Claims Payable	5,274,544	1,841,515	3,433,028	186.42%
IBNR Reserves	11,378,448	12,151,623	(773,175)	-6.36%
Payroll Liabilities	759,682	718,531	41,152	5.73%
Deferred Revenue	161,058	160,128	930	0.58%
<b>TOTAL CURRENT LIABILITIES</b>	<b>20,479,439</b>	<b>17,578,171</b>	<b>2,901,267</b>	<b>16.50%</b>
<b>TOTAL LIABILITIES</b>	<b>20,479,439</b>	<b>17,578,171</b>	<b>2,901,267</b>	<b>16.50%</b>
<b>NET WORTH:</b>				
Contributed Capital	840,233	840,233	0	0.00%
Restricted & Unrestricted Funds	24,171,531	24,224,782	(53,251)	-0.22%
Year-to Date Net Income / (Loss)	394,912	(308,862)	703,774	-227.86%
<b>TOTAL NET WORTH</b>	<b>25,406,676</b>	<b>24,756,153</b>	<b>650,523</b>	<b>2.63%</b>
<b>TOTAL LIABILITIES AND NET WORTH</b>	<b>\$45,886,115</b>	<b>\$42,334,325</b>	<b>\$3,551,790</b>	<b>8.39%</b>

**ALAMEDA ALLIANCE FOR HEALTH  
CASH FLOW STATEMENT  
FOR THE MONTH, THREE MONTHS, SIX MONTHS & FISCAL YTD ENDED  
8/31/2007**

Line #	Description	MONTH	3 MONTHS	6 MONTHS	YTD
<b>CASH FLOW STATEMENT:</b>					
	<b>Cash Flows from Operating Activities:</b>				
	Cash received from:				
	Capitation received from State of CA	(\$149,323)	\$9,338,912	\$43,082,451	(\$1,165,565)
	Commercial premium revenue	1,058,289	3,326,532	6,438,236	2,138,278
	Grant income	69,886	215,095	549,343	149,841
	Investment income	49,950	286,355	586,373	199,264
	Cash paid to providers for:				
	Medical & hospital expenses	(7,868,718)	(30,754,976)	(60,522,410)	(18,776,515)
	Vendors & employees	(897,865)	(3,369,743)	(6,239,505)	(1,569,877)
	Net cash provided by (used in) operating activities	(7,737,781)	(20,977,825)	(16,095,512)	(19,064,574)
	<b>Cash Flows from Financing Activities:</b>				
	Purchases of fixed assets	(168,342)	(255,491)	(370,312)	(183,342)
	Net cash provided by (used in) financing activities	(168,342)	(255,491)	(370,312)	(183,342)
	<b>Cash Flows from Investing Activities:</b>				
	Changes in investment balance	8,699,776	21,109,290	18,337,325	19,878,974
	Restricted cash	53,251	153,717	(11,244)	80,418
	Net cash provided by (used in) investing activities	8,953,029	21,263,007	18,326,081	19,959,392
	<b>Net Change in Cash</b>	<b>1,046,906</b>	<b>29,691</b>	<b>1,860,257</b>	<b>711,476</b>
	<b>Cash @ Beginning of Period</b>	<b>3,846,965</b>	<b>5,122,094</b>	<b>3,397,256</b>	<b>4,246,036</b>
	<b>Cash @ End of Period</b>	<b>\$4,840,620</b>	<b>\$4,840,620</b>	<b>\$4,840,620</b>	<b>\$4,840,620</b>
<b>RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:</b>					
	Net Income / (Loss)	\$703,774	\$469,944	(\$1,477,131)	\$394,912
	Depreciation	34,492	140,103	254,497	70,849
	Net change in operating Assets & Liabilities:				
	Premiums & other receivables	(11,504,541)	(23,404,864)	(22,646,974)	(23,243,107)
	Prepaid expenses	127,228	(390,094)	(120,735)	(419,966)
	Trade payables	285,040	534,515	1,820,872	1,307,900
	Claims payable & IBNR	2,659,854	1,298,925	6,111,325	2,764,029
	Deferred revenue	930	136,334	437,124	1,100
	Other liabilities	(44,557)	227,313	(174,590)	59,709
	<b>Cash Flows from Operating Activities</b>	<b>(\$7,737,781)</b>	<b>(\$20,977,825)</b>	<b>(\$16,095,512)</b>	<b>(\$19,064,574)</b>

ALAMEDA ALLIANCE FOR HEALTH  
TANGIBLE NET EQUITY (TNE)  
SUMMARY - FISCAL YEAR 2008

	Pre-Audit		Post-Audit		Aug-07
	Jun-07	Jul-07	Jul-07	Jul-07	
Current Month Net Income / (Loss)	\$62,039	\$12,993	(\$308,862)	(\$308,862)	\$819,287
YTD Net Income / (Loss)	(\$1,166,767)	(\$1,153,774)	(\$308,862)	(\$308,862)	\$510,425
Actual TNE	<b>\$25,250,722</b>	<b>\$25,128,657</b>	<b>\$24,878,218</b>	<b>\$24,878,218</b>	<b>\$25,521,787</b>
Required TNE	\$7,152,306	\$7,139,172	\$7,349,190	\$7,349,190	\$7,007,910
TNE Excess / (Deficiency)	\$18,098,416	\$17,989,485	\$17,529,028	\$17,529,028	\$18,513,877
Actual TNE as a Multiple of Required	<b>3.53</b>	<b>3.52</b>	<b>3.39</b>	<b>3.39</b>	<b>3.64</b>