



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

Financial Statement Package

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# Alameda Alliance for Health

## CFO Finance Report

For the Month & Year to Date Ended January 31, 2007

### Summary of Operating Results

For the month, the Alliance recorded net income of \$60 thousand compared to a budgeted net loss of \$363 thousand, resulting in a favorable net income variance from budget of \$422 thousand. For the year to date, the Alliance recorded net income of \$1.5 million versus a budgeted net income of \$543 thousand, resulting in a favorable variance from budget of \$954 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       | Actual       | Budget       |
| \$11,904,166                     | \$11,845,417 | \$82,263,597 | \$82,094,197 |
| 0%                               | 0%           | 0%           | 0%           |
| Revenue                          | \$58,749     | \$526,042    | \$526,042    |
| 5%                               | 5%           | 73,580,209   | 73,725,383   |
| Medical Expense                  | 1,553,755    | 768,964      | 8,368,814    |
| 76%                              | 76%          | 8,683,388    | 8,368,814    |
| Gross Margin                     | 584,791      | 314,574      | 314,574      |
| 76%                              | 76%          | 8,683,388    | 8,368,814    |
| Administrative Expense           | 1,404,037    | 1,197,648    | 386,165      |
| (17%)                            | (17%)        | 7,907,956    | 8,294,121    |
| Net Operating Income             | (50,282)     | 775,432      | 74,693       |
| 88%                              | 88%          | 775,432      | 74,693       |
| Net Operating Income             | 378,402      | 700,739      | 700,739      |
| 938%                             | 938%         | 700,739      | 700,739      |
| Non-Operating Income             | 110,215      | 252,967      | 252,967      |
| 67%                              | 67%          | 720,905      | 467,938      |
| Non-Operating Income             | 66,184       | 467,938      | 467,938      |
| 67%                              | 67%          | 720,905      | 467,938      |
| Current Period Net Income/(Loss) | (338,025)    | (572,880)    | (572,880)    |
| N/A                              | N/A          | -            | -            |
| Prior Period Activity            | -            | -            | -            |
| (338,025)                        | (338,025)    | (572,880)    | (572,880)    |
| Reported Net Income/(Loss)       | \$422,433    | \$1,496,337  | \$542,631    |
| 117%                             | 117%         | \$1,496,337  | \$542,631    |
| Net Income/(Loss)                | \$362,500    | \$953,706    | \$953,706    |
| (362,500)                        | (362,500)    | \$953,706    | \$953,706    |
| \$59,933                         | \$59,933     | \$953,706    | \$953,706    |
| \$59,933                         | \$59,933     | \$953,706    | \$953,706    |
| 176%                             | 176%         | \$953,706    | \$953,706    |

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

| Current Month                    |              | Year to Date |              |
|----------------------------------|--------------|--------------|--------------|
| Actual                           | Budget       | Actual       | Budget       |
| \$11,904,166                     | \$11,845,417 | \$82,263,597 | \$82,094,197 |
| 0%                               | 0%           | 0%           | 0%           |
| Revenue                          | \$58,749     | \$82,263,597 | \$82,094,197 |
| 0%                               | 0%           | \$82,263,597 | \$82,094,197 |
| Medical Expense                  | 10,212,386   | 11,076,453   | 73,725,383   |
| 8%                               | 8%           | 73,007,329   | 73,725,383   |
| Gross Margin                     | 1,691,780    | 768,964      | 8,368,814    |
| 120%                             | 120%         | 9,256,268    | 8,368,814    |
| Administrative Expense           | 1,404,037    | 1,197,648    | 386,165      |
| (17%)                            | (17%)        | 7,907,956    | 8,294,121    |
| Net Operating Income             | 287,743      | (428,684)    | 74,693       |
| 167%                             | 167%         | 1,348,312    | 74,693       |
| Non-Operating Income             | 110,215      | 252,967      | 252,967      |
| 67%                              | 67%          | 720,905      | 467,938      |
| Non-Operating Income             | 66,184       | 467,938      | 467,938      |
| 67%                              | 67%          | 720,905      | 467,938      |
| Current Period Net Income/(Loss) | (338,025)    | (572,880)    | (572,880)    |
| N/A                              | N/A          | -            | -            |
| Prior Period Activity            | -            | -            | -            |
| (338,025)                        | (338,025)    | (572,880)    | (572,880)    |
| Reported Net Income/(Loss)       | \$422,433    | \$1,496,337  | \$542,631    |
| 117%                             | 117%         | \$1,496,337  | \$542,631    |
| Net Income/(Loss)                | \$362,500    | \$953,706    | \$953,706    |
| (362,500)                        | (362,500)    | \$953,706    | \$953,706    |
| \$59,933                         | \$59,933     | \$953,706    | \$953,706    |
| \$59,933                         | \$59,933     | \$953,706    | \$953,706    |
| 176%                             | 176%         | \$953,706    | \$953,706    |

Results for the current month and year to date were affected by changes in estimated medical expense for prior months. These changes in estimates (which were not related to the current month's operations) increased reported medical expense for the current month and for the year to date. Excluding these items, net income for the month would have been \$398 thousand, while net income for the year to date would have been \$2.1 million, as per the table below:



# Alameda Alliance for Health

## CFO Finance Report

For the Month & Year to Date Ended January 31, 2007

estimates, and (c) reinsurance recoveries in excess of projected receivable. If these items are excluded, medical expense for the year to date would have been \$73 million, \$718 thousand (< 1%) under budget for the year to date. Year to date medical expense, adjusted to exclude the impact of the above factors, was comprised of the following:

Year to Date Medical Expense - Actual vs. Plan

Adjusted to Reflect Prior Period Activity

Favorable/(Unfavorable)

|                           | Actual        | Budget        | Variance   | Actual    | Budget    | Variance | Per Member Month |
|---------------------------|---------------|---------------|------------|-----------|-----------|----------|------------------|
| Primary Care Physician    | \$ 8,238,124  | \$ 9,022,877  | \$ 784,753 | \$ 13.33  | \$ 14.61  | \$ 1.29  | 9%               |
| Specialty Care Physician  | 11,063,825    | 10,402,304    | (661,521)  | 17.90     | 16.85     | (1.05)   | -6%              |
| Ancillary Services        | 16,918,835    | 17,312,511    | 393,676    | 27.37     | 28.04     | 0.67     | 2%               |
| Pharmacy                  | 10,035,851    | 10,317,019    | 281,168    | 16.24     | 16.71     | 0.47     | 3%               |
| Emergency Services        | 4,024,455     | 4,410,647     | 386,192    | 6.51      | 7.14      | 0.63     | 9%               |
| Inpatient Hospital & SNF  | 20,400,548    | 19,770,663    | (629,885)  | 33.01     | 32.02     | (0.98)   | -3%              |
| Other Benefits & Services | 2,191,739     | 2,205,443     | 13,704     | 3.55      | 3.57      | 0.03     | 1%               |
| Reinsurance Expense       | 133,953       | 283,916       | 149,963    | 0.22      | 0.46      | 0.24     | 53%              |
| Total                     | \$ 73,007,329 | \$ 73,725,379 | \$ 718,050 | \$ 118.12 | \$ 119.41 | \$ 1.29  | 1%               |

Visits to directly contracted primary care physicians under fee-for-service arrangements continue to be lower than expected. Emergency room utilization trends have been flattening. High inpatient expense is mainly due to select high-dollar cases in the first quarter. Specialty care is higher than budget due to higher than anticipated expense for obstetrics.

### Administrative Expense

For the current month, administrative expense exceeded budget by \$206thousand (17%), while year to date administrative expenses were under budget by \$387 thousand (5%). Much of unfavorable current month variance and favorable year to date variance resulted from the timing of consultants and other professionals engaged on various projects. These projects were budgeted but the actual timing differed from that budgeted.

### Balance Sheet

Current assets totaled \$40.2 million compared to current liabilities of \$12.1 million yielding a current ratio, the ratio of current assets to current liabilities, of 3.3:1.

### Tangible Net Equity

Tangible net equity (TNE) was \$28.1 million compared to the minimum TNE required by the Department of Managed Care (DMHC) of \$6.8 million. Actual TNE is 4.1 times required TNE and therefore includes an excess above the minimum TNE required by statute of \$21.2 million.

Respectfully submitted,

John Volkober, Chief Financial Officer



**ALAMEDA ALLIANCE FOR HEALTH**  
**STATEMENT OF OPERATIONS**  
**BY LINE OF BUSINESS (INCLUDING ALLOCATED EXPENSES)**  
**Combined Basis (Unrestricted & Restricted Funds)**  
**FOR THE FISCAL YTD ENDED JANUARY 31, 2007**

|  | Medi-Cal           | Healthy Families  | Family Care      | First Care     | IHSS             | Healthy Kids   | Total              |
|--|--------------------|-------------------|------------------|----------------|------------------|----------------|--------------------|
| <b>P&amp;L (ALLOCATED BASIS) - GAAP FINANCIAL STATEMENT FORMAT</b> |                    |                   |                  |                |                  |                |                    |
| REVENUE  | \$71,187,965       | \$3,857,285       | \$0.00           | \$0.00         | \$6,635,593      | \$582,785      | \$82,263,597       |
| MEDICAL EXPENSES   | 63,931,548         | 3,315,589         | 1,907            | 192            | 5,841,564        | 489,409        | 73,580,209         |
| GROSS MARGIN   | 7,256,417          | 541,696           | (1,907)          | (192)          | 794,029          | 93,376         | 8,683,388          |
| ADMINISTRATIVE EXPENSES<br>(% of MM Allocation)                    | 6,714,939          | 679,371           | 0.00             | 0.00           | 420,028          | 93,617         | 7,907,956          |
| OPERATING INCOME / (LOSS)  | 541,478            | (137,706)         | (1,907)          | (192)          | 374,000          | (241)          | 775,433            |
| OTHER INCOME / (EXPENSE)<br>(% of MM Allocation)                   | 612,147            | 61,933            | 0.00             | 0.00           | 38,291           | 8,534          | 720,905            |
| <b>NET INCOME / (LOSS)</b>   | <b>\$1,153,625</b> | <b>(\$75,773)</b> | <b>(\$1,907)</b> | <b>(\$192)</b> | <b>\$412,291</b> | <b>\$8,294</b> | <b>\$1,496,338</b> |

|                                | Medi-Cal      | Healthy Families | Family Care   | First Care    | IHSS           | Healthy Kids  | Total         |
|--------------------------------|---------------|------------------|---------------|---------------|----------------|---------------|---------------|
| <b>PMPM ALLOCATED P&amp;L:</b> |               |                  |               |               |                |               |               |
| REVENUE                        | \$135.64      | \$72.64          | \$0.00        | \$0.00        | \$202.13       | \$79.65       | \$133.10      |
| MEDICAL EXPENSES               | 121.81        | 62.44            | \$0.00        | \$0.00        | 177.94         | 66.89         | 119.05        |
| GROSS MARGIN                   | 13.83         | 10.20            | \$0.00        | \$0.00        | 24.19          | 12.76         | 14.05         |
| ADMINISTRATIVE EXPENSES        | 12.79         | 12.79            | \$0.00        | \$0.00        | 12.79          | 12.79         | 12.79         |
| OPERATING INCOME / (LOSS)      | 1.03          | (2.59)           | \$0.00        | \$0.00        | 11.39          | (0.03)        | 1.25          |
| OTHER INCOME / (EXPENSE)       | 1.17          | 1.17             | \$0.00        | \$0.00        | 1.17           | 1.17          | 1.17          |
| <b>NET INCOME / (LOSS)</b>     | <b>\$2.20</b> | <b>(\$1.43)</b>  | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$12.56</b> | <b>\$1.13</b> | <b>\$2.42</b> |

Alameda Alliance for Health  
 Variance Analysis  
 Month Ended January 31, 2007 (Actual vs Budget)

|                                | FY07<br>Actual | FY07<br>Budget  | \$ Variance<br>Favorable (Un) | Volume<br>Variance | Rate<br>Variance | Total<br>Variance |
|--------------------------------|----------------|-----------------|-------------------------------|--------------------|------------------|-------------------|
| <b>TOTAL MEMBER MONTHS</b>     | <u>86,324</u>  | <u>87,578</u>   | <u>(1,254)</u>                |                    |                  |                   |
| <b>Revenue</b>                 |                |                 |                               |                    |                  |                   |
| Premium Revenue                | \$137.01       | \$134.29        | \$2.73                        | (\$168,397)        | \$235,368        | \$66,971          |
| Grant Programs Funding         | 0.88           | 0.97            | (0.09)                        | 0                  | (8,767)          | (8,767)           |
| Other Revenue                  | 0.01           | 0.00            | 0.01                          | 0                  | 544              | 544               |
|                                | 137.90         | 135.26          | 2.65                          | (168,397)          | 227,146          | 58,749            |
| <b>Medical Costs</b>           |                |                 |                               |                    |                  |                   |
| Primary Care Physician         | 13.35          | 14.61           | 1.26                          | 18,324             | 108,878          | 127,202           |
| Specialty Care Physician       | 19.39          | 16.91           | (2.48)                        | 21,211             | (213,766)        | (192,555)         |
| Ancillary Services             | 25.56          | 28.34           | 2.78                          | 35,539             | 239,760          | 275,299           |
| Pharmacy                       | 19.02          | 18.64           | (0.38)                        | 23,369             | (32,906)         | (9,537)           |
| ER Services                    | 5.60           | 7.16            | 1.57                          | 8,984              | 135,195          | 144,179           |
| Inpatient Hospital & SNF       | 35.50          | 37.03           | 1.54                          | 46,438             | 132,620          | 179,059           |
| Other Benefits and Services    | 3.55           | 3.31            | (0.25)                        | 4,149              | (21,203)         | (17,054)          |
| Reinsurance Expense            | 0.25           | 0.47            | 0.22                          | 586                | 18,863           | 19,449            |
| Risk Share                     | 0.00           | 0.00            | 0.00                          | 0                  | 0                | 0                 |
|                                | 122.22         | 126.48          | 4.26                          | 158,600            | 367,440          | 526,040           |
| <b>Administrative Expense</b>  |                |                 |                               |                    |                  |                   |
| Salaries and Benefits          | 8.91           | 8.53            | (0.38)                        | 0                  | (22,299)         | (22,299)          |
| Other Expense                  | 7.35           | 5.15            | (2.21)                        | 0                  | (184,090)        | (184,090)         |
|                                | 16.26          | 13.68           | (2.59)                        | 0                  | (206,390)        | (206,390)         |
| <b>Operating Income (Loss)</b> | <u>(0.58)</u>  | <u>(4.89)</u>   | <u>4.31</u>                   | <u>(9,797)</u>     | <u>388,196</u>   | <u>378,399</u>    |
| <b>Non Operating Income</b>    |                |                 |                               |                    |                  |                   |
| Interest Income                | 1.20           | 0.76            | 0.44                          | 0                  | 37,040           | 37,040            |
| Unrealized Market Gains/Losses | 0.08           | 0.00            | 0.08                          | 0                  | 6,993            | 6,993             |
| Rental Income                  | 0.00           | 0.00            | 0.00                          | 0                  | 0                | 0                 |
|                                | 1.28           | 0.76            | 0.52                          | 0                  | 44,033           | 44,033            |
| <b>Net Income (Loss)</b>       | <u>\$0.69</u>  | <u>(\$4.14)</u> | <u>\$4.83</u>                 | <u>(\$9,797)</u>   | <u>\$432,229</u> | <u>\$422,432</u>  |

REPORT #2C

Alameda Alliance for Health  
 Variance Analysis  
 Year-to-Date Ended January 31, 2007 (Actual vs Budget)

|                                | FY07<br>Actual | FY07<br>Budget | \$ Variance<br>(Un) | Volume<br>Variance | Rate<br>Variance | Total<br>Variance |
|--------------------------------|----------------|----------------|---------------------|--------------------|------------------|-------------------|
| <b>TOTAL MEMBER MONTHS</b>     | 618,078        | 617,409        | 669                 |                    |                  |                   |
| <b>Revenue</b>                 |                |                |                     |                    |                  |                   |
| Premium Revenue                | \$132.25       | \$132.01       | \$0.24              | \$88,313           | \$148,125        | \$236,438         |
| Grant Programs Funding         | 0.84           | 0.96           | (0.12)              | 0                  | (71,287)         | (71,287)          |
| Other Revenue                  | 0.01           | 0.00           | 0.01                | 0                  | 4,251            | 4,251             |
|                                | 133.10         | 132.97         | 0.13                | 88,313             | 81,089           | 169,402           |
| <b>Medical Costs</b>           |                |                |                     |                    |                  |                   |
| Primary Care Physician         | 14.65          | 14.61          | (0.04)              | (9,777)            | (23,180)         | (32,957)          |
| Specialty Care Physician       | 17.30          | 16.85          | (0.45)              | (11,272)           | (279,591)        | (290,862)         |
| Ancillary Services             | 26.85          | 28.04          | 1.19                | (18,759)           | 737,025          | 718,266           |
| Pharmacy                       | 16.94          | 16.71          | (0.23)              | (11,179)           | (141,153)        | (152,332)         |
| ER Services                    | 6.92           | 7.14           | 0.23                | (4,779)            | 140,134          | 135,355           |
| Inpatient Hospital & SNF       | 33.19          | 32.02          | (1.17)              | (21,423)           | (722,805)        | (744,228)         |
| Other Benefits and Services    | 3.55           | 3.57           | 0.03                | (2,390)            | 16,093           | 13,704            |
| Reinsurance Expense            | (0.35)         | 0.46           | 0.81                | (306)              | 498,533          | 498,225           |
| Risk Share                     | 0.00           | 0.00           | 0.00                | 0                  | 0                | 0                 |
|                                | 119.05         | 119.41         | 0.36                | (79,886)           | 225,056          | 145,170           |
| <b>Administrative Expense</b>  |                |                |                     |                    |                  |                   |
| Salaries and Benefits          | 7.94           | 8.13           | 0.19                | 0                  | 113,730          | 113,730           |
| Other Expense                  | 4.86           | 5.31           | 0.45                | 0                  | 272,430          | 272,430           |
|                                | 12.79          | 13.43          | 0.64                | 0                  | 386,160          | 386,160           |
| <b>Operating Income (Loss)</b> | 1.25           | 0.12           | 1.13                | 8,427              | 692,305          | 700,732           |
| <b>Non Operating Income</b>    |                |                |                     |                    |                  |                   |
| Interest Income                | 1.04           | 0.76           | 0.28                | 0                  | 172,690          | 172,690           |
| Unrealized Market Gains/Losses | 0.13           | 0.00           | 0.13                | 0                  | 80,284           | 80,284            |
| Rental Income                  | 0.00           | 0.00           | 0.00                | 0                  | 0                | 0                 |
|                                | 1.17           | 0.76           | 0.41                | 0                  | 252,974          | 252,974           |
| <b>Net Income (Loss)</b>       | \$2.42         | \$0.88         | \$1.54              | \$8,427            | \$945,279        | \$953,706         |

**REPORT #2D**

**ALAMEDA ALLIANCE FOR HEALTH**  
**ADMINISTRATIVE EXPENSE DETAIL**  
**ACTUAL VS. BUDGET**  
**FOR THE MONTH AND FISCAL YTD ENDED JANUARY 31, 2007**

| CURRENT MONTH                         |                    |                              |                             | FISCAL YEAR TO DATE |                    |                              |                             |
|---------------------------------------|--------------------|------------------------------|-----------------------------|---------------------|--------------------|------------------------------|-----------------------------|
| Actual                                | Budget             | \$ Variance<br>(Unfavorable) | % Variance<br>(Unfavorable) | Actual              | Budget             | \$ Variance<br>(Unfavorable) | % Variance<br>(Unfavorable) |
| <b>ADMINISTRATIVE EXPENSE SUMMARY</b> |                    |                              |                             |                     |                    |                              |                             |
| \$769,170                             | \$746,871          | (\$22,299)                   | (3.0%)                      | \$4,904,765         | \$5,018,498        | \$113,732                    | 2.3%                        |
| Personnel Expenses                    |                    |                              |                             |                     |                    |                              |                             |
| 360,000                               | 203,627            | (156,373)                    | (76.8%)                     | 1,416,564           | 1,505,626          | 89,062                       | 5.9%                        |
| Purchased & Professional Services     |                    |                              |                             |                     |                    |                              |                             |
| 75,253                                | 63,023             | (12,230)                     | (19.4%)                     | 476,942             | 460,356            | (16,586)                     | (3.6%)                      |
| Occupancy                             |                    |                              |                             |                     |                    |                              |                             |
| 91,719                                | 85,344             | (6,374)                      | (7.5%)                      | 430,699             | 621,787            | 191,088                      | 30.7%                       |
| Printing Postage & Promotion          |                    |                              |                             |                     |                    |                              |                             |
| 71,343                                | 68,753             | (2,590)                      | (3.8%)                      | 497,650             | 492,226            | (5,424)                      | (1.1%)                      |
| Licenses Insurance & Fees             |                    |                              |                             |                     |                    |                              |                             |
| 36,553                                | 30,029             | (6,523)                      | (21.7%)                     | 181,335             | 195,629            | 14,294                       | 7.3%                        |
| Supplies & Other Expenses             |                    |                              |                             |                     |                    |                              |                             |
| 634,867                               | 450,777            | (184,090)                    | (40.8%)                     | 3,003,190           | 3,275,624          | 272,433                      | 8.3%                        |
| Total Other Administrative Expense    |                    |                              |                             |                     |                    |                              |                             |
| <b>\$1,404,037</b>                    | <b>\$1,197,648</b> | <b>(\$206,388)</b>           | <b>(17.2%)</b>              | <b>\$7,907,956</b>  | <b>\$8,294,121</b> | <b>\$386,166</b>             | <b>4.7%</b>                 |
| Total Administrative Expenses         |                    |                              |                             |                     |                    |                              |                             |

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

|  | January             | December            | Difference         | % Difference  |
|--|---------------------|---------------------|--------------------|---------------|
| <b>CURRENT ASSETS:</b>                 |                     |                     |                    |               |
| Cash & Equivalents                     | \$3,833,451         | \$2,840,307         | \$993,144          | 34.97%        |
| Short-Term Investments                 | 24,170,037          | 14,786,656          | 9,383,381          | 63.46%        |
| Interest Receivable                    | 50,707              | 50,156              | 552                | 1.10%         |
| Other Receivables - Net                | 3,222,780           | 14,396,648          | (11,173,869)       | -77.61%       |
| Prepaid Expenses                       | 803,171             | 851,004             | (47,833)           | -5.92%        |
| <b>TOTAL CURRENT ASSETS</b>            | <b>32,080,146</b>   | <b>32,924,771</b>   | <b>(844,625)</b>   | <b>-2.57%</b> |
| <b>OTHER ASSETS:</b>                   |                     |                     |                    |               |
| Restricted Assets                      | 342,422             | 341,421             | 1,001              | 0.29%         |
| Restricted Cash - Grants               | 650,872             | 279,306             | 371,566            | 133.03%       |
| <b>TOTAL OTHER ASSETS</b>              | <b>993,294</b>      | <b>620,727</b>      | <b>372,567</b>     | <b>60.02%</b> |
| <b>PROPERTY AND EQUIPMENT:</b>         |                     |                     |                    |               |
| Land, Building & Improvements          | 6,519,461           | 6,519,461           | 0                  | 0.00%         |
| Furniture And Equipment                | 4,770,953           | 4,519,164           | 251,789            | 5.57%         |
| Construction in Process                | 0                   | 184,576             | (184,576)          | -100.00%      |
| Fixed Assets at Cost                   | 11,290,415          | 11,223,202          | 67,213             | 0.60%         |
| Less: Accumulated Depreciation         | (4,186,974)         | (4,145,785)         | (41,190)           | 0.99%         |
| <b>NET PROPERTY AND EQUIPMENT</b>      | <b>7,103,440</b>    | <b>7,077,417</b>    | <b>26,023</b>      | <b>0.37%</b>  |
| <b>TOTAL ASSETS</b>                    | <b>\$40,176,880</b> | <b>\$40,622,915</b> | <b>(\$446,035)</b> | <b>-1.10%</b> |
| <b>CURRENT LIABILITIES:</b>            |                     |                     |                    |               |
| Accounts Payable                       | \$1,286,629         | \$951,359           | \$335,270          | 35.24%        |
| Claims Payable                         | 902,101             | 1,616,953           | (714,852)          | -44.21%       |
| IBNR Reserves                          | 9,063,482           | 9,537,554           | (474,073)          | -4.97%        |
| Payroll Liabilities                    | 822,398             | 774,501             | 47,897             | 6.18%         |
| Deferred Revenue                       | 23,502              | 23,712              | (210)              | -0.89%        |
| <b>TOTAL CURRENT LIABILITIES</b>       | <b>12,098,111</b>   | <b>12,904,079</b>   | <b>(805,968)</b>   | <b>-6.25%</b> |
| <b>TOTAL LIABILITIES</b>               | <b>12,098,111</b>   | <b>12,904,079</b>   | <b>(805,968)</b>   | <b>-6.25%</b> |
| <b>NET WORTH:</b>                      |                     |                     |                    |               |
| Contributed Capital                    | 840,233             | 840,233             | 0                  | 0.00%         |
| Restricted & Unrestricted Funds        | 25,742,198          | 25,442,198          | 300,000            | 1.18%         |
| Year-to Date Net Income / (Loss)       | 1,496,338           | 1,436,405           | 59,933             | 4.17%         |
| <b>TOTAL NET WORTH</b>                 | <b>28,078,768</b>   | <b>27,718,836</b>   | <b>359,933</b>     | <b>1.30%</b>  |
| <b>TOTAL LIABILITIES AND NET WORTH</b> | <b>\$40,176,880</b> | <b>\$40,622,915</b> | <b>(\$446,035)</b> | <b>-1.10%</b> |

**ALAMEDA ALLIANCE FOR HEALTH**  
**CASH FLOW STATEMENT**  
**FOR THE MONTH, THREE MONTHS, SIX MONTHS & FISCAL YTD ENDED**  
**1/31/2007**

| Line #  | Description   | MONTH               | 3 MONTHS           | 6 MONTHS           | YTD                |
|---|---|---------------------|--------------------|--------------------|--------------------|
| <b>CASH FLOW STATEMENT:</b>   |   |                     |                    |                    |                    |
| <b>Cash Flows from Operating Activities:</b>                                    |   |                     |                    |                    |                    |
|   | Cash received from:                                 |                     |                    |                    |                    |
|   | Capitalation received from State of CA              | \$21,922,084        | \$32,291,271       | \$64,996,036       | \$74,687,380       |
|   | Commercial premium revenue                          | 986,532             | 2,951,076          | 5,774,132          | 6,666,674          |
|   | Grant income  | 682,713             | 851,248            | 1,099,377          | 1,167,217          |
|   | Investment income                                   | 109,663             | 321,540            | 656,729            | 762,898            |
|   | Cash paid to providers for:                         |                     |                    |                    |                    |
|   | Medical & hospital expenses                         | (11,652,840)        | (33,145,826)       | (62,936,811)       | (72,594,783)       |
|   | Vendors & employees                                 | (931,848)           | (4,041,152)        | (6,758,381)        | (9,263,439)        |
|   | Net cash provided by (used in) operating activities | 11,116,304          | (771,843)          | 2,831,082          | 1,425,948          |
| <b>Cash Flows from Financing Activities:</b>                                    |   |                     |                    |                    |                    |
|   | Purchases of fixed assets                           | (67,213)            | (226,563)          | (384,313)          | (384,313)          |
|   | Net cash provided by (used in) financing activities | (67,213)            | (226,563)          | (384,313)          | (384,313)          |
| <b>Cash Flows from Investing Activities:</b>                                    |   |                     |                    |                    |                    |
|   | Changes in investment balance                       | (9,383,381)         | (3,405,629)        | 856,736            | 2,283,235          |
|   | Restricted cash                                     | (372,567)           | (267,250)          | (203,399)          | (216,702)          |
|   | Net cash provided by (used in) investing activities | (9,755,948)         | (3,672,879)        | 653,337            | 2,066,533          |
|   | <b>Net Change in Cash</b>                           | <b>1,293,143</b>    | <b>(4,671,285)</b> | <b>3,108,106</b>   | <b>3,108,168</b>   |
|   | Cash @ Beginning of Period                          | 2,840,307           | 8,804,736          | 1,033,347          | 1,025,283          |
|   | Cash @ End of Period                                | <b>\$3,833,451</b>  | <b>\$3,833,451</b> | <b>\$3,833,451</b> | <b>\$3,833,451</b> |
| <b>RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:</b> |   |                     |                    |                    |                    |
|   | Net Income / (Loss)                                 | \$59,933            | (\$1,547,626)      | \$577,216          | \$1,496,338        |
|   | Depreciation  | 41,190              | 116,863            | 226,776            | 265,194            |
|   | Net change in operating Assets & Liabilities:       |                     |                    |                    |                    |
|   | Premiums & other receivables                        | 11,173,316          | 114,384            | 1,645,837          | 531,962            |
|   | Prepaid expenses                                    | 47,833              | (103,163)          | 161,868            | (278,812)          |
|   | Trade payables                                      | (27,677)            | (605,359)          | (505,989)          | (686,782)          |
|   | Claims payable & IBNR                               | (1,188,924)         | 362,658            | (104,204)          | 152,550            |
|   | Deferred revenue                                    | (210)               | 30                 | 622                | 582                |
|   | Other liabilities                                   | 410,843             | 290,370            | 228,965            | (655,083)          |
|   | <b>Cash Flows from Operating Activities</b>         | <b>\$11,116,304</b> | <b>(\$771,843)</b> | <b>\$2,831,082</b> | <b>\$1,425,948</b> |

ALAMEDA ALLIANCE FOR HEALTH  
TANGIBLE NET EQUITY (TNE)  
SUMMARY

|                                      | Post-Audit   |              |              |              |              |              |              |              |  |  |  |  |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|--|--|--|
|                                      | Jun-06       | Jul-06       | Aug-06       | Sep-06       | Oct-06       | Nov-06       | Dec-06       | Jan-07       |  |  |  |  |
| Current Month Net Income / (Loss)    | \$1,313,099  | \$919,122    | \$621,059    | \$1,405,867  | \$97,916     | (\$725,717)  | (\$881,842)  | \$59,933     |  |  |  |  |
| YTD Net Income / (Loss)              | \$7,288,876  | \$919,122    | \$1,540,181  | \$2,946,048  | \$3,043,964  | \$2,318,247  | \$1,436,405  | \$1,496,338  |  |  |  |  |
| Actual TNE                           | \$26,282,431 | \$27,201,552 | \$27,822,612 | \$29,228,478 | \$29,326,395 | \$28,600,678 | \$27,718,836 | \$28,078,768 |  |  |  |  |
| Required TNE                         | \$6,378,988  | \$6,214,078  | \$6,337,828  | \$6,135,672  | \$6,376,007  | \$6,649,093  | \$6,826,260  | \$6,846,737  |  |  |  |  |
| TNE Excess / (Deficiency)            | \$19,903,443 | \$20,987,474 | \$21,484,784 | \$23,092,806 | \$22,950,388 | \$21,951,585 | \$20,892,576 | \$21,232,031 |  |  |  |  |
| Actual TNE as a Multiple of Required | 4.12         | 4.38         | 4.39         | 4.76         | 4.60         | 4.30         | 4.06         | 4.10         |  |  |  |  |